# Taking Responsibility For Raid on Texas Sect, Clinton Orders Inquiry

WASHINGTON - President Bill Clinton sought Tuesday to crase any impression that he was dodging accountability for the federal actions that led to the grisly pyre in Waco,

Mr. Clinton said the failed government plan to flush out the heavily armed cult "is a decision for which I take responsibility." Then he ordered a broad internal investigation of government actions surrounding the deaths of scores of followers of the cult leader, David Koresh.

However, the president declared that Mr. Koresh was "dangerous, irrational and prob-ably insane" and bore ultimate responsibility for all the deaths that had occurred in Waco. At a news conference, Mr. Clinton called the outcome "a horrible human tragedy" that made him feel "sick," especially because, as he put it, children had been "murdered" by adults in the cult. As many as 87 people, including 17 children, died in the inferio that officials said was started on Mr. Koresh's

Federal agents, Mr. Clinton said, "did the best job they could under deeply difficult curcumstances." But he said that Mr. Koresh had "killed those he controlled, and he bears

"We did everything we could to avoid the loss of life," he said. "They made the decision to immodate themselves."

Mr. Clinton was responding to a barrage of questions from members of Congress, who vowed to open separate investigations, and The Waco cultists believed the hour of judgment was near. Page 3.

from hundreds of journalists sifting through seeming contradictions in the FBI's plan to bring Mr. Koresh to justice.

It was unclear whether the events in Waco would nitimately be viewed as a botched federal operation on Mr. Clinton's watch or a frustrating but inevitable result of Mr. Koresh's fanaticism and apocalyptic outlook.

Nor was it clear whether the unexpected and disastrous outcome would in any way color Mr. Clinton's future decisions on the use of force. On Tuesday, he strongly defended the actions of law enforcement offi-

The president said that the Justice and Treasury departments, whose agents handled the Waco matter, would conduct a "vigorous See CLINTON, Page 4

# FBI Thinks Some in Cult Killed Others During Fire

Compiled by Our Staff From Dispatches WACO, Texas - Some members of the apocalpytic Branch Davidian sect may have been murdered by other cultists before fire destroyed their headquarters in a raid by the FBI to end a 51-day siege, the agency said

They were not allowed to leave and there is some evidence, again it's inconclusive, that there was gunfire when the fire started, there might have been people killed who were try-ing to get out of the compound," said Jeff Ing to get out of the compound, said left Jamar, the FBI agent in charge in Waco. Mr. Jamar said that followers of David Koresh, the call leader, deliberately set the compound after Monday, killing an estimated 87 people, including 17 years chaffien.

There's no doubt in our many.

that occupants in the compound started mul-

He and others defended the FBI's conduct, saying they had not expected Mr. Koresh to commit suicide by fire and blaming Mr. Kor-esh for the deaths in the FBP's attempt to end the standoff without any loss of life.

"He chose those children to die," Mr. Jamar said. All the children were believed to have been fathered by Mr. Koresh, who said he was the incarnation of Jesus Christ and who had repeatedly predicted a hery end for himself and his followers. "It's not because of our action," he said.

"Those children are dead because David Koresh had them killed."

"We know now what his plan was," Mr. James said, adding that it had only been a question of time before Mr. Koresh executed his followers.

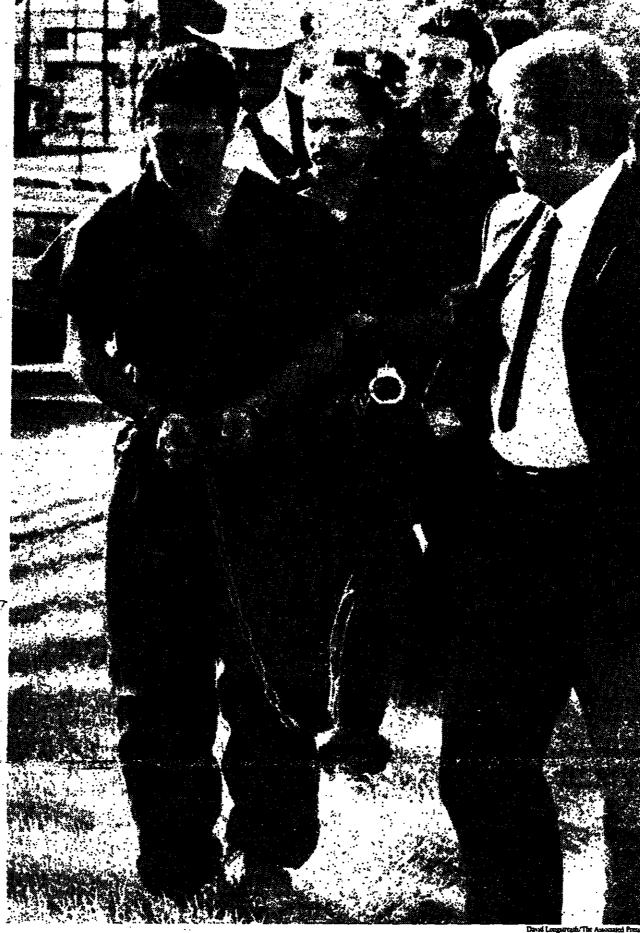
He said they would have died later if they had not died on Monday, and he compared Mr. Koresh to another cult leader, James Jones, who had more than 900 of his followers commit mass suicide in the jungles of

Guyana in 1978.
"Was this another Jonestown where the leader causes the death of all his followers?" asked Mr. Jamar. "Yes, it was," he said. Mr. James said some of the followers could have survived if they had taken shelter in a

In that bos, the air was cool and there was no gas," Mr. Jamar said. "Had Koresh wished those children to survive, that was one place he could put those children."

In Washington, as part of an effort to justify the timing of the raid, a federal official said the FBI had electronic listening equipment inside the headquarters, giving it information that Mr. Koresh was becoming in-creasingly violent in the days preceding the

The official refused to provide additional details of the eavesdropping equipment, but Attorney General Janet Reno said that offi-See FBI, Page 4



Three unidentified survivors of the inferno at the Branch Davidian compound being led into court in Waco, Texas, on Tuesday.

# Italians Voted for Change, but Are They Ready for It?

By Alan Cowell
New York Times Service

ROME - A little while before Italians voted

in a referendism that, in effect, reviled the people they had been voting into office for decades, the writer Umberto Eco asked his compatriots one of those "where were you when" questions that seemed designed to sow a little mischief in the nation's vanned political reform: If Italians now despised their ruling class so much, why did they vote for them so

Kiosk

The United States and the European-

Community failed to agree Tuesday in last-ditch talks over a trade dispute center-

ing on public contracts, but said they

would continue talking for one more day.

The U.S. trade representative, Mickey Kantor, and Sir Leon Brittan, the top EC trade negotiator, said they would talk by

telephone Wednesday, when Sir Leon is to

"It's going to require another conversa-tion if we're going to reach agreement but we may not do so," Mr. Kantor said.

The ANC is honing a six-week civil disobe-

Citibank is clawing its way to recovery and

looking anew at world markets. Page 9.

Eastern Europe's patience with the EC is

Germany's economic downnin has slowed

efforts to rebuild the East. Pages 14-21.

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General News

Business/Finance

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Special Report

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The Dollar

U.S. and EC Extend

Trade Talks a Day

Monday produced an overwhelming 82.7 per-cent "yes" vote favoring reform, Mr. Eco's answer offered a clue to why the changes

NEWS ANALYSIS

backed at the ballot box may well turn out to be more messy when they are put into effect. The huge and unexpected majority in favor of change was widely interpreted as a reaction to 14 months of disclosure that Italy's business-

broiled in nefarious doings that ranged from kickbacks on an unheard-of scale to secret

relationships with the Mafia and its hit men. "What I want to say is that we are not witnessing the revolt of a healthy country against the dome of corruption, but must examine the conscience of a largely corrupted nanon," Mr. Eco said in a regular magazine col-umn before the referendum. No one, he said, could now do what Italians did after the fall of fascism and say "I was not there in Piazza

The call to a sense of accountability for the years of what people now like to call moral decline is only one of many challenges facing Italians. For one thing, having set new stan-dards for political probity by repudiating the See ITALY, Page 4

Andreotti is accused of embracing and kissing the Mafia boss of all bosses.' Page 4.

# Alarm Bells in Tokyo as Yen Soars to a Record

By James Sterngold New York Times Service

TOKYO - A shell-shocked Japanese government threatened tough action Tuesday to brake the yea's souring value against the dollar, while complaining that the currency's rise was copardizing the economy's nascent recovery

But many economists said it appeared there was little the government could do to reverse the powerful trend on its own, and described the yen's appreciation as a mixed blessing that would help as well as hurt Japan. They also noted that the trend was generally being supported by the United States and other governments as a tool to reduce Japan's huge trade

In spite of sporadic attempts by the Bank of Japan to intervene in the foreign exchange

Without the veil of free-trade rhetoric, President Bill Clinton is pressing Japan, Page 9.

market Tuesday, the dollar tumbled to 110.25 yen, its lowest level against the Japanese currency in the postwar era. That represented a decline of more than 11 percent since the beginning of the year, a significant drop considering

that trillions of dollars a year of trade and financial transactions are denominated in the

United States currency. In a global economy where a shift in the financial environment in one place can have important economic repercussions around the world, the stronger yen may have a negative impact on the Japanese economy in the short term by hurting the exports on which it depends. Alternatively, it should boister Ameri-

can exports to Japan.

Analysts said that was one reason the Tokyo stock market slipped Tuesday, as the Nikkei See YEN, Page 10

**Troops to Aid UN in Somalia** 

By Ferdinand Protzman New York Times Service

**Bonn Will Send** 

BONN - After months of bickering, Chancellor Helmut Kohl's government acted to expand its role in international peacekeeping op-erations Tuesday by agreeing to send German troops to assist the United Nations relief effort

The decision to send some 1,600 German troops to Somalia in June came after months of emotional debate in Germany over what the reunited country's role should be in international peacekeeping efforts in light of its militaristic history. The dispute centers on whether the nation's 1949 constitution allows German armed forces to participate in combat missions outside the North Atlantic Treaty Organization's sphere of influence.

The Social Democrats, the opposition party. say the constitution bans all military actions except for self-defense. The Christian Democratic Union, the party led by Mr. Kohl, says the constitution permits combat missions abroad within the context of international

See TROOPS, Page 4

# **Pressure** Grows in U.S. For Air Raids In Bosnia

### 'Too Slow, Too Anemic,' Senator Calls Response By President to Crisis

Compiled by Our Staff From Dispatches

WASHINGTON - Pressure grew on the Clinton administration on Tuesday to take stronger action in the Balkans as Secretary of State Warren M. Christopher encountered blunt criticism from members of the Senate Foreign Relations Committee impatient with what they called U.S. failure to respond to Serbian aggression in Bosnia.

"We haven't done a damp thing," said Senator Joseph R. Biden Jr., Democrat of Delaware. "It just breaks your heart," said Senator Nancy Landon Kassebaum, Republican of

Mr. Biden said U.S. failure to help embattled Muslims was to blame for the devastation of the eastern Bosnian town of Srebrenica by Serbian forces. He urged U.S. air strikes against Bosnian Serb artillery positions around the town. "I respectfully suggest if we did nothing else but that we would have saved hundreds of women and children who are being absolutely massa-

Mr. Christopher told the committee that President Bill Clinton was considering air

### On Page 2

The United Nations seeks more time to disarm Muslims in Srebrenica. Casualties of the Serbian siege say Clinton is

Bosnia's only hope. In Serbian Sarajevo, a 'normal' day means sniper fire and shortages of food and water.

strikes and other options that he had ruled out

before "the worsening situation" developed in But he said air strikes would also interfere

with humanitarian efforts to help the Muslims. "Clearly we're at a turning point in connection with the Bosnian situation." he said. "Anything that increases the level of fighting

there may well cause our allies to draw back and even pull back their humanitarian efforts which, however faulty they may be, have probably saved tens of thousands of lives," Mr. Chris-

In Rome, the United Nations secretary-gen-eral, Butros Butros Ghali, criticized suggestions that the United States could act on its own to

Mr. Biden, who returned last week from a five-day trip to Bosnia, has proposed that the United States use \$50 million in congressionally appropriated funds to provide arms immedi ately to the Bosnian government. This would require a partial lifting of an international arms

embargo.

Mr. Christopher seemed more willing to consider lifting the arms embargo against the mainly Muslim Bosnian government and said U.S. allies previously opposed to that step were showing signs of reconsidering their position.
"Opinions may be shifting on that subject."

Senator Paul Simon of Illinois, a Democrat, added his voice to Mr. Biden's, calling Mr. Clinton's response to the crisis in former Yugo-

slavia "too slow and too anemic." "I think we have to say candidly we are not responding today as we should," he said. Although expressing dismay over the situa-tion in Bosnia, Senator Kassebaum cautioned

the administration not to raise expectations among the beleagured Muslim defenders. Mr. Biden said not one U.S. military officer would disagree that an aerial attack would "take out" heavy Serbian artillery and thereby spare hundreds of lives even if the Serbs re-

laced the weapons later. Mr. Christopher, however, said "there may be better options." But he declined to provide any details while Mr. Clinton had them under

Mr. Christopher spoke hours before taking part in a meeting with Mr. Clinton and senior foreign policy advisers to discuss the situation

The comments by Mr. Biden, chairman of the Senate Foreign Relations subcommittee on European affairs, reflected growing congressional sympathy for more decisive U.S. action to halt Serbian advances in the Bosnian war.

His call for a more active U.S. role was seconded by the chairman of the House Intelligence Committee, Representative Dan Glickman, Democrat of Kansas, who said that in addition to air strikes. Mr. Clinton should consider convening an international conference to discuss other action by the world community

Mr. Christopher said additional measures. See BOSNIA, Page 4

# Strange Bird (or Is It?) Splits Scientists

By John Noble Wilford New York Times Service

NEW YORK - Three bird-watchers of an unusual kind, without binoculars or field guides by Roger Tory Peterson, leaned over the laboratory table and compared pieces of ancient evidence central to one of the most controversial issues in paleontology today: the history of avian evolution and early flight.

These paleontologists at the American Museum of Natural History in New York ruffled scholarly feathers with the announcement last week of their discovery of a strange new type of dinosaur in the Gobi Desert of Mon-golia.

The 75 million-year-old fossil animal, about the size of a turkey, was actually a flightless bird, they contend, and it perched firmly on the evolutionary tree as a transitional figure between certain carnivorous di-

Such an interpretation had the effect of a setter flushing a covey of quall into flight over

Bird it never was, fired the ornithologists, renewing with even greater heat the long-running debate over how closely related are dinosaurs and birds. The theory popular among paleontologists is that birds are direct descendants of dinosaurs. Most ornithologists disagree, contending that birds arose from reptiles only distantly related to dino-

On both sides, the argument has focused on supposed anatomical similarities between dinosaurs and birds and whether flight might have begun with dinosauts from the ground up or with protobirds from the trees down.

Many dinosaur experts, while agreeing that this was an important and surprising find, questioned several assumptions made to upport the conclusion that the newly discovered animal was a flightless bird. They also had strong reservations about its supposed place

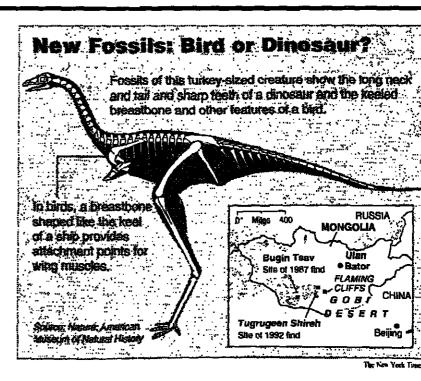
in bird evolution. If no cease-fire seemed imminent, there was at least a feeling of hopeful excitement lingering after the smoky fusillade, as ex-

pressed by Paul Sereno, a dinosaur paleonto-logist at the University of Chicago. "We're just bristling with new ideas about birds in the Mesozoic," he said, referring to the era sometimes known as the Age of Rep-

tiles, from 245 million to 65 million years ago. So it was that the three paleontologists who believe they have an early bird in the hand sought to explain and defend themselves. Spread out on the table at the museum were casts of the remains of three of the most famous ancient fossil birds along with their own puzzling find, which they have named

Mononychus olecranus. This is the evidence of early bird evolution," said Mark A. Norell, assistant curator of vertebrate paleontology at the museum and a leader of the discovery team. He pointed first to the impression of the earliest established birdlike fossil. This was Archeopteryx. etched in limestone and found in Bavaria 130

With the teeth, long neck and tail of a See BIRD, Page 4



# Foes Tag Yeltsin as Corrupt

### Vice President Leads the Charge

By Michael Dobbs

Washington Post Service

MOSCOW — With less than a
week to go before a nationwide referendum on the future of Russia, President Boris N. Yeltsin's political opponents are trying to turn the emotional issue of high-level corruption into a vote-winner.

The anti-corruption drive is being led by Mr. Yeltsin's rebellious vice president, Alexander V. Rutswho last week accused presidential aides of benefiting from foreign trade deals and sales of state property at knockdown prices. In the last few days, other opposition politicians have struck a similar theme, and corruption scandals now dominate the front pages of most anti-Yeltsin newspa-

Campaigning Tuesday in the southern city of Voronezh, the parliamentary chairman, Ruslan L Khasbulatov, accused both the president and his government of being under the "control of criminal elements."

He accused Mr. Yeltsin's aides of planning to faisify the results of the referendum, during which 100 million or so voters will be asked Sunday to express their opinion of the president and his market-oriented reforms.

The decision to raise the corruption issue marks a considerable political gamble for Mr. Yeltsin's opponents. As inflation spirals out of control and living standards plummet, there are few more controversial themes in Russian politics than the spectacle of unscrupulous bureaucrats and shady businessmen taking advantage of chaos to enrich themselves. Up until now, however. Russian politicians have been reluctant to level charges against one other for fear of unleashing a bar-

rage of countercharges. In an interview Tuesday with the mass circulation Komsomolskava Pravda newspaper, Mr. Rutskoi made it clear that he plans to make the anti-corruption drive a central theme in his own political drive. He confirmed for the first time that he was ready to seek the presidency if Mr. Yeltsin was forced to step

"I have enough strength, I fully understand the situation and, without, any doubt, I will put forward my candidacy," said the vice presi-dent, 45. "I want only one thing to stop this corrupt and criminal chaos which is called reforms."

As chairman of the state anticorruption commission, Mr. Rutskoi is particularly well placed to release files selectively that contain damaging material about his political opponents. In an impassione: speech before the Russian parliament Friday, he told legislators that he had 11 suitcases of documents demonstrating the systematic looting of Russia's wealth by

high officials.

Mr. Rutskoi publicly broke with Mr. Yeltsin last month after the president threatened to resort to emergency rule to push through his plans for a nationwide referendum on constitutional reform. The two men are now reported to be no longer on speaking terms.

■ IMF Approves Funding The International Monetary

Fund agreed in principle Toesday to new temporary standby financing aimed mainly at helping Russia, Agence France-Presse reported

from Washington.

The financing will be used to help IMF member countries facing balance of payments problems in their transition from centrally planned to market economies.

The beneficiaries will be former members of the Communist bloc common market, Comecon, and other countries whose economies are going through similar transformation, the IMF board said.

## UN Asks More Time to Disarm Srebrenica Muslims

Compiled by Our Staff From Dispatches
SARAJEVO, Bosnia-Herzegovina — United Nations peacekeepers asked for more time to disarm Muslim fighters in the besieged eastern Bosnian town of Srebrenica

steged eastern Bostian town of Srebrenica on Tuesday and stepped up efforts to halt fighting in central Bostia.

But Bostian Serb forces, which have be-sieged Srebrenica for more than a year, said they would reject any request by UN forces for a 72-hour delay in demilitarizing the Muclimbeld town. Muslim-held town.

The United Nations Protection Force said Tuesday that only a handful of Srebrenica's Muslim defenders had surrendered their weapons under a demilitarization measure due to be completed by noon on Wednesday. "We are approaching the 72-hour limit, so we are now seeking a 72-hour extension," a UN spokesman, Commander Barry Frewer,

A UN source said efforts would also be renewed to persuade Serbian forces to with-

By John Darnton

New York Times Service SARAJEVO, Bosnia-Herzegovina — In

this, the small Serbian section of divided

Sarajevo, life is ordinary — or what passes for ordinary. Or at least a lot of people say so.

Yes, there is electricity only once every three days. Water is scarce and food is hard to

come by. And people living in pockmarked concrete apartment buildings with windows blasted out have perfected the awkward run, a zigzag with the head down, to avoid getting shot by Muslim snipers 150 meters (500 feet)

But, said Branka Savcic, "We learn to live

hopes to work in a bank soon, was out in the

muddy courtyard of her housing develop-

ment, tossing a yellow tennis ball for her cocker spaniel, Daisy.

"It's quite normal," she said. "Of course I

have more problems because I live on the

sixth floor and the water only comes up to the

She waved her arm and the gesture seemed

to take in the skeletal hulks of overturned

automobiles, the pieces of shrapnel still im-bedded in the wall behind her, and a huge

crater created by a shell that struck two days

"At first it was all very worrying. The dog still gets very scared. She looks at me to see

what I will do and if my reaction is calm, she

gets calm." As she spoke, there was the rattle of small-arms fire, and, farther away, the

booming of a shotgun. Daisy began to bark.

about one-tenth of the city in territory. Called

Washington Post Service
WARSAW — The U.S. vice

president, Al Gore, told Poles on Tuesday that Washington's current

The Serbian section of Sarajevo is only

fourth floor. But it's normal."

with it." Mrs. Savcic. 30, a homemake

draw beyond artillery range of Srebrenica. The Serbs say this is not part of the truce

agreement.
General Milan Gvero, deputy commander of Bosnian Serb forces, insisted that UN peacekeepers and the Muslim-led Bosnian Army carry out Sunday's disarmament pact

"The Serbian side will hold to the signed agreement and the essence of that for me is the surrender of weapons by Srebrenica's Muslims," he told the Bosnian Serb press agency, SRNA.

Meanwhile, the UN commander in Bos-

nia, General Philippe Morillon, met with Muslim and Croatian commanders in the southern town of Medjugorje on Monday night and was due to visit Vitez, where up to 200 people have been killed in fighting since

On Tuesday, rockets, artillery and sniper fire echoed around Vitez, 80 kilometers (50 miles) northwest of Sarajevo.

Two Bosnian Serbs with aid for which they walked to Ljubovija, Serbia, waiting for a ride to back to Bratunac, seven kilometers away.

In Serbian Sarajevo, the 'Normal' Peril

Grabavica, it lies south of the Miljacka River

and it is separated from the largely Muslim

section of the city by a ribbon of no-man's-

Much of the world's attention is focused on

the other side, which is under siege by Serbian

artillery hidden high in the surrounding mountains and snipers hidden in apartment buildings here. The more than 300,000 people

there are hungry and desperate and living with the knowledge that a shell can fall upon

them at any moment.
But life is difficult and dangerous here, too.

There is not the barrage from artillery -- the

Muslims have no big guns — but sniper fire is

killed a week and there is no hospital, so the

wounded have to be evacuated across the

mountains. The two schools that were here

have both closed. One of them was humed

Food is scarce. At the army canteen where

hundreds turn up to eat, there has only been

Before the war, about 20,000 people lived in this section. Now, there are 8,000. Al-

though a large group of Muslims was expelled some weeks back, a smattering remain. The

Serbs here make a point of saying that they still are close enough with Muslims to have

grabbing a moment of sun on a concrete

stoop. She pointed to a woman next to her.

"I'm a Serb, she's Muslim. We can still sit

Other Serbs are defiant and proud and say

they will never leave. "I was born here," said Biljana Andjelkovic, 27, a social worker. "I

U.S. Won't Forget East Europe, Gore Tells Poles

"Look at this," said one of five women

beans for the last week

land. The line is never crossed.

The UN spokesman in Sarajevo said that fighting between Muslims and Croats, former allies against the Serbs, was "vicious" in a battle for control of territory in central and serbs and in Srebrenica's northern outskirts. southwestern Bosnia.

Croatian troops fired at UN armored personnel carriers near Kiseljak on Monday, nd seven artillery rounds later struck near Canadian soldiers, he said. He added that UN forces had returned fire, and believed they had wounded one Croatian soldier.

The European Community mediator, Lord Owen, was due in Belgrade on Wednesday for talks with President Slobodan Milo-sevic that are intended to revive flagging peace efforts. The UN Security Council has set an April 26 deadline for tough new sanctions on the rump state of Yugoslavia unless Bosnia's Serbs accept a peace plan drafted by Lord Owen and the UN mediator, Cyrus

"The peace process is not dead," a spokes-

spent my whole life here. Yes, it's dangerous

book of astrology under her arm. She was, she

said, an Aries, and that meant she was "tough

and resilient."
"I'm a Serb. We are a very suspid and naive nation. We believe in others and they don't

believe in us. For that, we get sanctions and

Above her was the drone of a NATO plane

To reach here from Pale, the capital of the

patrolling the "no-flight" zone that the Unit-ed Nations has proclaimed over Bosnia-Her-

ing mountain road passes by checkpoints,

tanks, and pillboxes made of thick logs piled

In town in the office of the commander.

Alexander Petrovic, inside a wood-lined

basement, soldiers watch Bosnian television

from across town because the reception on

Serbian TV is so poor. An officer called Mico

"In any moment, it's possible to be a tar-

said snipers, not shells, were the danger.

get. We know they have excellent equip-

ment." The officer knew what he was talking

about. Some months back, a smiper's bullet

ripped through his stomach. Now he walks

The commander was seated on a swivel desk under a sign that read. The Enemy Is

Before the war, he said, Muslims and Serbs

and Croats had lived together peacefully. "I

didn't even know I was a Serb. I thought of

myself as a Yugoslav. They taught me I'm a

She was walking home and she clutched a

but it's my town."

those planes up in the air

over with rocks and red dirt.

Monday night, and several tanks were seen within three kilometers of the town center.

Muslim fighters in Srebrenica have halted a UN evacuation of thousands of terrified civilians until their own safety has been se-

Peter Kessier, of the United Nations High Commissioner for Refugees, said in Srebren-ica that conditions were very bad. Streets were teeming with emaciated people denied

were teening with emacated people dealed evacuation and some were being stricken with scurvy, hepatitis and scabies.

In Vicenza, Italy, NATO sources said alliance planes had seen the first confirmed violator of the UN "no-flight" zone over Bosnia. Two U.S. F-15s sent to check a series of radar signals coming from unknown air-craft spotted a low-flying helicopter. (Reu-ters, AP)

# To Injured In Bosnia, Clinton Is

Washington Past Service
TUZLA, Bosnia-Herzegovina Having just been evacuated by United Nations helicopters from the hell of the besieged town of Srebrenica, some of its exhausted Muslim defenders flopped onto hospital beds here and talked in withful force shout a men than hed wishful tones about a man they had never seen or heard. They were talking about Bill Clinton.

Other Muslim militizmen in nearby beds gave tired nods of agreement. One of them was Senad Alic, whose left leg was amputated without benefit of anesthetic in Srebrenica. Now, after being airlifted from the shattered city along with hundreds of other wounded men, women and children, he smiled at the mention of Mr. Clin-

Negib Belic, who also lost a leg to a Serbian tank shell, said that "Clinton is coming around to the right ideas" — a reference to reports that the president is considering a more forceful U.S. role in nia's factional war. "We have great hopes America will save us."

Their hopes seem likely to be disappointed, because clearly more than three air strikes would be needed to loosen the yearlong stranglehold by Serbian nationalist forces on the city.

Still it is all the wounded Mus lims have to hope for, because they cannot figure out another way to save their brothers, sisters, mothers and fathers left behind among the 60,000 hungry and desperate souls, still trapped in Srebrenica.

It is a refrain that has been heard from Bosnia's Slavic Muslim-led government and its poorly armed defense forces for more than a year now, as Bosnian Serbian militia units, motivated and heavily armed by neighboring Serbia, seized more than 70 percent of the republic in a fierce campaign that has left more than 20,000 dead and 1.4 million homeless, most of them Muslims.

They said that the Serbs would jump at the opportunity to storm the defenseless city and kill everyone in sight and that a token UN force there would not stand in their

"Nobody will give up their weap-ons," said Mr. Omerovic.

# Only Hope

By Peter Maass

"We believe in Clinton," said Edhem Omerovic, whose left leg was shredded by a Serbian tank shell. "All our hopes are with him. All he needs to do is send in three planes to take out the Serb artillery around Srebrenica. Our infantry will take care of the rest."

ton's name.

"The other side has all the guns, and we practically have to fight with bare hands," Mr. Omerovic said, raising his own shaking hands, which were stained with months of dirt and grime. "The only hope for Bosnia is interven-

The appeal became more plaintive in recent weeks as Serbian forces closed in on Srebrenica, shelling defenseless civilians in blanket artillery attacks that prompted denunciations around

More than a half-dozen militiamen interviewed in Tuzla said they believed that the UN-brokered truce virtually amounted to surrender of Srebrenica and that its defenders would refuse to lay down

# $oldsymbol{A}$ Bormann, in Israel, Faces Father's Past

Mr. Gore's press secretary, land stand at opposite ends of a

The issue of continuing American aid to Poland, where the unembers, Prime Minister Hanna Suployment rate is 14 percent as the chocka and other Polish officials

economy struggles to adjust to cap- had talked primarily about how to

italism, has become a matter of encourage American business in-

ed its foreign-aid efforts on shoring up President Boris N. Yeltsin of Russia against his less democratic says of the Warsaw Chesto unrising the Warsaw Chesto unrising

President Lech Walesa of Po- again to Serbia's military actions

land, after a meeting with Mr. Gore against civilians and cities in Bos-

some concern in Warsaw. The Clin-vestment in Poland.

ton administration has concentrat-

on Monday, proposed providing ma some aid to Russia by having the

United States buy Polish goods for

distribution there, an idea that Mr.

Gore later politely dismissed.

domestic rivals.



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By Clyde Haberman New York Times Service
JERUSALEM — In this week devoted to remembrances of the Holocaust and the Warsaw Ghetto

Uprising, one of the many people who grieved in Israel was the eldest son of Martin Bormann, Adolf Hitler's deputy.

Martin Bormann was in charge

of carrying out Nazi directives, in-

from its efforts to help Poland and

"Some have suggested, wrongly, that the U.S. has forgotten' East-

ern and Central Europe," Mr. Gore told the Polish parliament. "They

argue current activity focused on

Russia will detract from efforts di-

rected at supporting Eastern Eu-

rope, or that the West sees Russia

in isolation. Nothing could be fur-ther from the truth."

first foreign trip since taking office, Mr. Gore pledged that the United

States would not "pull away from

Poland and other countries of Eu-

rope" as it moved to help their neighbors to the east.

Addressing the parliament on his

other new European democracies.



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cluding those of the Final Solution Nuremberg war crimes trials in that led to the killing of six million 1946, his fate remained a mystery. Jews in Europe.

"My feeling was one of mourn"My feeling was one of mourn-A common view is that he commit-

ing," said his son, also named Mar- ker as World War II ended, and his tin Bormann, after he and other son said that this was his belief as children of Nazi criminals visited Yad Vashem, the Holocaust memorial in Jerusalem.

teacher and former Roman Catholic priest, told the newspaper Ye-diot Ahronot that he had felt special sorrow "when we arrived at the place where the names of the children were inscribed.

"A lot of names were inscribed there," he said. "But the painful thought went though my mind that there are thousands more whom no one knows about. Entire families were wined out "

well even although he acknowledged that he had no facts. Mr. Bormann, 63, a theology sucher and former Roman Cathographs told the personant Ye. visit to Yad Vashem. He added: "I don't hate my father. For years, I learned that I have to distinguish between my father as an individual

and my father as a political man

Mr. Gore, who was visiting Po-

sary of the Warsaw Ghetto uprising

against the Germans, referred

"Right now, decent people

throughout the world are demand-ing a halt to the killing in Bosnia,"

he said, adding, "Serbia and Po-

and a Nazi officer." Mr. Bormann was one of nine Germans, all children of Nazi criminals, who met for several days last week with nine children of Jewish While Martin Bormann was sentenced to death in absentia at the ish and Arab community of Neve

Shalom were organized by Dan Bar-On, a psychologist at Ben-Gur-ion University in Beersheba.

No publicity was given to this visit by the offspring of war criminals, which — it goes without say-ing — was a highly unusual event for Israel. Mr. Bormann told the newspaper that it was his first trip here and that he was "very impressed by what the Israelis have made of their country."

Talking about his father some

"He was a good father to his children and, on the other hand, a man I didn't know. Back then, I knew only that he had high status. But I didn't know what he really

"As a man of religion," he said,
"I can say that only the Lord above
can judge him. I cannot."

# WORLD BRIEFS

# U.S. and Germany to Swap Soldiers

BRUSSELS (AP) — As part of the North Atlantic Treaty Organization's post-Cold War strategy, the United States will swap thousands of soldiers with Germany on Thursday in a step that would put U.S. troops under German command in wartime.

The U.S. and German armies will exchange divisions of 16,000 to 20,000 troops at a ceremony in Germany, creating two multinational corps to defend Europe.

The U.S. troops would be controlled by the German commander only in an emergency, remaining under U.S. control the rest of the time. The 16,000 to 20,000 troops in each division will not move from their bases. Each multinational corps will total 50,000 to 75,000 soldiers.

### UN Pulls Back Cambodia Observers

PHNOM PENH (Combined Dispatches) — The United Nations has withdrawn its military observers from two districts in north-central Cambodia, fearing more attacks by Khmer Rouge guerrillas, a UN spokesman said Tuesday.

spokesman said Tuesday.

Six unarmed military observers were ordered Sunday to leave their positions in the Khmer Rouge-dominated province of Kompong Thom after guerrillas there turned hostile, a UN military spokesman said.

The UN has blamed the Khmer Rouge for attacks in the past three weeks that have killed eight UN personnel, including a Bulgarian peace.

(AP, AFP)

Egypt Minister Escapes Assassination
CAIRO (Combined Dispatches) — Egypt's information minister,
Mohammed Safwat Sherif, escaped an assassination attempt by Islamic
fundamentalists here Tuesday, suffering minor cuts to the hand from
glass shattered by bullets fired into his armored limousine.

His bodyguard was in serious condition with bullet wounds to the chest
and back, and his driver was shot in the thigh, Mr. Sherif said. Mr. Sherif,
59, who has run the country's vast information network controlling
television, radio and most newspacers and magazines for 11 years, was

59, who has run the country's vast information network controlling television, radio and most newspapers and magazines for 11 years, was the most senior politician targeted for assassination in Egypt since the parliamentary speaker, Rifaat Mahgoub, was killed in 1990.

The Islamic Group, which seeks to overthrow the government and establish an Iran-like theocracy, took responsibility for the attack. "We claim responsibility for the attack on Safwat Sherif because of his comments against us last week," said Mohammed Sayed Selim, head of the the group's military wing, "and we will continue our march against the enemies of Islam, however much it costs us."

(Reuters, AP)

### **Belgium and Zaire Expel Diplomats**

BRUSSELS (Reuters) — Belgium and Zaire expelled two diplomats from each others embassies in their capital cities Tuesday, the latest move in a diplomatic feud between Belgium and President Mobutu Sese Seko

Two members of Belgium's staff in Kinshasa were declared "persona non grata" by Zaire, the Belgian Foreign Ministry said. Belgium then expelled two Zairians in Brussels. The two Belgians, part of the embassy's security staff in Kinshasa, were arrested Thursday after being accused of

trying to buy Zairian Army uniforms.

Belgium, along with other major aid donors to Zaire, France and the United States, is trying to force Marshal Mobutu to hand power to a democratically elected government. In Paris, French officials said Tuesday that France, Belgium and the United States are considering freezing. Marshal Mobiitu's overseas fortune. But the measure is only one of many

### Fighting in Sudan Blocks Relief Aid

NAIROBI (Reuters) — Heavy fighting between Sudan's rebel factions and government forces across a swathe of the south is jeopardizing relief efforts for thousands of starving civilians, aid workers said Tuesday. Foreign relief staff, notably from the United Nations, have been pulled ont of Upper Nile Province and aid flights to the area have been pulled ont of Upper Nile Province and aid flights to the area have been reduced to a minimum, they said. "There's no point in putting our staff in there until things settle down," said a spokesman for the UN Children's Fund. Fighting broke out in March when the mainstream faction of the Sudan People's Liberation Army, led by Colonel John Garang, opened an offensive against a rival group under Riak Machar. A force of up to 12,000 rebels mainly from Colonel Garang's Dinka tribe have through porth, openuations the utiliance of Konger Aved and Vivi north, overrunning the villages of Kongor, Ayod and Yusi and driving back Mr. Riak's forces from the Nuer tribe, said to number only 2,000. Thousands of civilians who had been drawn to the villages where they were given international relief aid are now beyond reach.

### TRAVEL UPDATE

New Zealand will investigate safety at Wellington airport, considered by many pilots as dangerous. Pilots complain that a combination of winds short runway, hazards at the end of runways and proximity of housing makes the airport one of the most difficult in the world. (Resters)

The Thai cabinet approved long-awaited plans for construction of a second international airport for Bangkok, a government spokesman said. At an estimated cost of 80 billion baht (\$3.2 billion), it is to be built over the next seven years on 3,200 hectares of land at Nong Ngn Hao, about 30 kilometers southeast of the capital.

Drivers of Greyhound Lines Inc. tentatively agreed to end a strike against the only intercity bus company in the United States. There had been at least 50 cases of buses or terminals being shot at by snipers during the three-year dispute. The pact with 5,800 drivers and maintenance workers provides about \$22 million in back pay, plus annual wage (AP)

# Buffeted by Scandal, **Brazil Will Choose** Republic or Monarchy

By Don Podesta

Washington Para Service
PETROPOLIS, Brazil — Any time Dom Pedro Gastão de Orleans e Bragança wants to see the resplendent crown that his great-grandfather wore as emperor of Brazil, all he has to do is walk across the park in front of his house to the old summer palace.

But he cannot touch it. The 4-pound (1.8 kilo) solid gold crown, encrusted with 639 diamonds and rinned with 77 pearls, is under

glass in what is now Brazil's imperial museum. Dom Pedro, 80, lives in a 12-bedroom outbuilding of the former palace. While he probably will never wear the crown, his dream that

the monarchy will be restored is closer to fruition now than at any other time in the 104 years since the Brazilian royal family was ousted and put on a ship for Europe. Brazilians will vote on Wednesday to decide whether their nation should once again be a monarchy or remain a republic. If they vote to

stick with the republic, they also will have to choose between the current presidential system and a parliamentary one.

But Brazilians, buffeted by the impeachment of President Fernando Collor de Mello four months ago and by the ensuing political gridlock that has deepened an economic crisis, are weary of politics

The most recent survey by the polling firm Ibope found that two-thirds of Brazil's 90 million eligible voters would just as soon not

The poll indicated that despite the country's massive problems, the majority of voters would opt for the status quo, preferring a republic to the monarchy by 68 percent to 12 percent and choosing to stay with a president over a parliament.

But other surveys show that more than half of the eligible voters have no idea what the plebiscite is all about. If the people do vote the monarchy back in, Dom Pedro stands

ready.
"I was educated to do my duty," Dom Pedro said in an interview at his home in Petropolis, a graceful city nestled among the houriant Organ Mountains an hour's drive from Rio de Janeiro, "If they ask me to do something for my country, I am ready, but I am not

campaigning."

The bushy-browed octogenarian rides an English purebred chestnut to his office most days. He oversees a real estate business that
consists of managing the receipts from a 2.5 percent tax on real estate
transactions, a covenant established when the royal family's lands

were dispersed.

While Dom Pedro is considered to be next in line for the throne on genealogical grounds, there are more than 140 other descendants of the ousted emperor, Dom Pedro II, and several of them have been

"I am not a pretender," Dom Pedro declared. "I am the heir."

# FIRST 100 DAYS / LAYING BLAME

# Rebuffed, Clinton Turns Strident in Calling for Stimulus Bill

By Ann Devroy And Eric Pianin

Washington Post Service WASHINGTON - With no victory in sight even after his compromise offer. President Bill Clinton is trying to embarrass Republicans into approving his slimmer economic sumulus package, asking, "Have

In a speech to an AFL-CIO building and Democrats were ready to offer the com-

to \$4 trillion." He was referring to the increase in the federal debt, not the budget to determine whether a filibuster by Resaid after the meeting.

A cloture vote was planned Wednesday prevail. "We're in good shape." Mr. Dole of the "same old thing, stonewall." and said: "I have compromised. I have held out

Mr. Clinton's remarks came on a day in which the White House and Democratic and Republican leaders maneuvered over a would turn up the heat on Republicans measures proposed by Republican presi-package, originally \$16.3 billion, that the during the Easter recess. But if any of them were feeling it, they showed no signs.

"Most of the senators who are blocking "Most of the senators who are blocking the senator on Friday.

package would continue.

the crowd that had the government for 12 promise Tuesday, were prepared to pro-years. They took the deficit from \$1 trillion vide an alternative. confidence that the Republicans would

The White House had said the president often over the past 12 years for comparable and put the American people first."

"Most of the senators who are blocking

publicans seeking to prevent a vote on the The president complained that many of my hand. I think it's time for somebody to the Republicans blocking his bill had voted reach out across the divide of party politics

Senator Mark Hatfield of Oregon, a moderate and the senior Republican on the Appropriations Committee, urged Demo-After meeting privately Monday with consideration of our plan have actually crats to consider an alternative proposal In a speech to an AFL-CIO building and construction trades conference, Mr. Clin-ton said of the Republicans: "Folks, this is the crowd that had the government for 12

After meeting privately monday with Senate majority leader, George J. world for emergency measure after The president accused the Republicans cuts in other programs.

Mr. Adelman noted, he would have faced no increased sentence, since they are not

a protected group under the statute.

other state supreme courts ruled on op-

posite sides of the "hate crime" issue. The

Ohio Supreme Court rejected its state's

"ethnic intimidation" statute; Oregon's

highest court upheld its state statute. The American Civil Liberties Union has also

split on the issue. The national ACLU, based in New York, has filed a "friend of

the court" brief in the Mitchell case in

support of the Wisconsin statute, while

the Ohio chapter has filed a separate

Tracked down at the restaurant where

he now works, in what was once the Kenosha stop on the Milwaukee-Chicago

railroad, Mr. Mitcheli declined to com-

ment. A co-worker said he wanted only to

be left alone. Gregory Reddick, who lives

in nearby Racine, also denied an inter-

had been "nearly stomped to death," has recovered from his wounds, at least the

physical ones. "He had a lot of black

friends before they beat him," his father,

William Reddick, told the Kenosha

News last December. "He didn't have a prejudice in him. Now he can't stand them."

Mr. Reddick, whom a prosecutor said

brief denouncing it.

view request.

On successive days last summer, two

### \* POLITICAL NOTES\*

For Some, the Baird Affair Made Life Simpler

WASHINGTON - Secretary of Defense Les Aspin, who has seen only two of 43 Pentagon officials get through the confirmation process in the Senate, has a good news-bad news view of what is appening in his department.

From the viewpoint of cabinet officers like himself, Mr. Aspin told

a group of reporters Monday, Zoe Baird "had a chilling effect" on the Clinton administration's efforts to fill key jobs. "Things were moving along until that point," he said, "and then they just ground to a halt." When namny problems shot down President Bill Clinton's

first choice for attorney general, "people froze, because the ground rules had changed," Mr. Aspin said.

On the other hand, he said, the nanny flap was a blessing in disguise for FBI agents assigned to do background checks. "They had been wandering around in a daze," he said. "They used to have two sure-fire questions: Have you ever been a Communist, and are you gay? They can't ask either now. One is politically incorrect, and the other is irrelevant. So they said, thank God, after Zoe Baird there's something we can ask: Do you have an illegal nanny?" (WP)

### Next to Enter Diversity Spotlight: the FDIC

WASHINGTON — The Clinton administration is under growing congressional pressure to appoint a member of a minority group or a woman to head the Federal Deposit Insurance Corp., which has had nothing but white males as chairmen or board members.

Although two Arkansas bankers - William Bowen and William Brandon - have been considered the leading candidates for the post, the conspicuous lack of diversity at the FDIC makes it increasingly difficult to give either of them the job, industry and

congressional sources say.

A large number of well-connected Democrats have urged the White House to give the post to Francisco Borges, a former Connecticut treasurer. Mr. Borges is an immigrant from the Cape Verde Islands who learned English when he was 8 and worked his way up the political ladder to become the highest-ranking black elected official in Connecticut.

Mr. Borges took a top job on Wall Street only a few months ago and earlier indicated he was not available. But his candidacy is being pushed anew by members of the Congressional Black Caucus and by other influential lawmakers who say the lack of minority representation has influenced the way the FDIC handles such issues as

"When you look at the regulatory agencies in the banking community, obviously there has not been much diversity at all," said Representative Floyd H. Flake, a New York Democrat and one of many lawmakers who fault the banking agencies for not moving more aggressively to end discrimination in lending and to promote investment in inner cities.

"The situation would be helped tremendously if they had some African-American, Hispanic or women's influence," Mr. Flake said.

### Heims Returns to Work After Hospitalization

WASHINGTON - Senator Jesse Helms was back at work after being hospitalized for two nights.

Mr. Helms, 71, Republican of North Carolina, was admitted to the National Naval Medical Center in Bethesda, Maryland, on

Saturday night for tests because he was running a fever.

An aide said the senator had returned to his office after being released from the hospital Monday. The aide did not elaborate on

Mr. Heims's condition beyond saying, "He's fine." Sen. Helms had quadruple bypass surgery in June 1992 and had a heart valve replaced.

### Quote/Unquote

President Bill Clinton: "I am deeply saddened by the loss of life in Waco . My thoughts and prayers are with the families of David

# Can U.S. Punish Those Who Hate? Justices to Decide

By David Margolick

New York Times Service KENOSHA, Wisconsin — One October night four years ago, Todd Mitchell and some friends, all of them black, returned from a viewing of "Mississippi Burning," incensed over a scene in the movie in which a Klansman had beaten a black boy as he prayed. The group had gathered outside the Rambler apart-ments, near the defunct American Motors plant here, when they spotted Greg-ory Reddick, 14 and white, across the

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"Do you all feel hyped up to move on some white people?" Mr. Mitchell, 20, asked his friends, all younger than he. There goes a white boy. Go get him!" He pointed at Gregory, then counted to three. Nine of the young men crossed the street and beat the boy into unconscious-

Mr. Mitchell was convicted and seatenced to two years in prison for his role in the assault, which left Gregory coma-tose for four days. (He has since recovered.) But then his case took a new but increasingly common twist. Because his crime had been racially motivated, the trial judge doubled his sentence, a step speech guarantees of the First Amendauthorized under Wisconsin's 1987 "hate

Having served his time, Mr. Mitchell last year.

has been free since July and is trying to rebuild his life in this old factory town on Lake Michigan, where empty lots have replaced the assembly lines from which Nash Metropolitans and Ramblers once rolled. But it is difficult, for while he has receded into the background, getting married and finding a job, his case has

moved to center stage.

On Wednesday, Wisconsin v. Mitchell reaches the U.S. Supreme Court, which will consider the constitutionality of the laws that Wisconsin and 29 other states have passed to combat racial and reli-.

gious bigotry.
Under the Wisconsin statute, courts may increase the criminal penalties of defendants who select victims because of their "race, religion, color, disability, sexual orientation, national origin or ancestry." The measure allows judges to elevate lesser crimes to more serious ones if they are racially or ethnically motivated; to increase fines, and to lengthen sentences by as much as live years.

Questions over the constitutionality of such laws have divided scholars, civil libertarians and state courts. Ruling that the statute punished people for their thoughts, and therefore violated the free ment, the Wisconsin Supreme Court, by a vote of 5 to 2, threw out the state statute

"As disgraceful and deplorable as hate crimes are, the personal prejudices of the attackers are protected," Chief Justice Nathan Heffernan wrote for the court. The Constitution may not embrace bigoted or hateful thoughts, but it surely protects them."

The state appealed to the U.S. Su-reme Court, which is expected to issue its ruling in late June or early July. Its lawyers contend that the law does not punish speech at all, but discriminatory

conduct, specifically, the act of selecting crime victims for bigoted reasons. "Todd Mitchell had the right to think whatever he wished," James E. Doyle, the attorney general of Wisconsin, stated in court papers. "He could have expressed his thought in countless ways protected by the First Amendment. But he had no right to direct an attack on Gregory Red-dick because of the color of Reddick's skin. The state was entitled to view his conduct as a criminal act of discrimination and punish it accordingly."

Mr. Doyle further argued that an accused person's motives, far from being off limits constitutionally, are routinely considered by the courts in a host of laws barring discrimination in housing and employment, as well as in sentencing, "In the criminal law, we are always looking at the reasons people commit crimes," he said. "This is really no different."

But Lynn S. Adelman, a Milwaukee lawyer and state legislator who will argue for Mr. Mitchell, countered that the law improperly authorized the government to enter people's minds and then penalized them for the unpopular thoughts it thought it found there. The First Amendment, he contended, bars governments from creating such an official list of "dis-

approved thoughts."
"All of us agree that racism is offensive
and abhorrent," Mr. Adelman said. "and
we feel the same way about anti-Semitism or homophobia or whatever phobia you have, but in this country we're not permitted to punish those thoughts. The proper position of government with respect to all ideas is epistemological humility; no ideas can be disfavored."

In the interview, Mr. Adelman hurled a variety of charges at the hate crime statutes: that they are difficult to apply, for it is difficult to assess the role bias plays in many crimes; that legislators who are allowed to protect blacks or Jews today cannot be barred from protecting rich people or abortion opponents tomorrow; that such laws are unnecessary, for judges are already free to take a defendant's bigoted beliefs into account in sentenc-

ing.

He charged further that as currently constituted the law allowed absurd results. Had Mr. Mitchell hated women,

nell, chairman of the psychology department at Georgetown Unithe compound as the siege went on.

Within that atmosphere, it is possible that the Branch Davidians began to recall the actions of another small, beleaguered religious group who chose suicide, he said. "I

compound — certainly the adults were aware of the Jonestown history. So there was a precedent for this sort of thing."

Jonestown, the colony founded in Guyana by the charismatic San Francisco preacher Jim Jones, has become synonymous with religious self-destruction. After gunmen from the group shot down a visiting California congressman, in November 1978, Mr. Jones led more



Earline Clark, Mr. Koresh's grandmother, at the Chandler, Texas, home where his mother, Bonnie Haldeman, remained secluded.

### Cultists Believed 'Hour of Judgment' Was Near women and children chose reso- Dunning said. "What they're look- think probably everyone in the

By Gustav Niebuhr Washington Past Service
WASHINGTON — In the seven

weeks he spent barricaded against an army of federal agents in Waco, Texas, David Koresh increasingly warned anyone who would listen that events of great violence were

He foresaw the end of the world, and quoted continually from the Bible's Book of Revelation, a dark and symbolic text that tells of the opening of Seven Seals, which in turn brings warfare, earthquakes and -after the final seal is broken conflagrations that destroy much of the Earth. "Do you want me to laugh at

your pending torments? Do you want me to pull the heavens back and show you my anger?" Mr. Koresh said in a letter he sent several days ago to federal authorities. "Fear me and the hour of judgment' for it has come."

For a full year, federal authorities feared that the plight of Mr. Koresh and his Branch Davidians might very well end tragically. In April 1992, the U.S. Embassy in Australia, on a tip from individ-uals familiar with Mr. Koresh, sent a cable to the State Department

warning that the Branch Davidians were planning mass suicide, a no-tice that triggered an investigation that eventually led the Bureau of Alcohol, Tobacco and Firearms to the Waco compound in February. Still, the question remains why apparently more than 80 men,

Critics of the United States "will an editorial why U.S. anthorities sures intended to defuse the situate only too happy to exploit once the stereotype of the trigger-threat that something terrible was group as a justification for mass

going to happen if he were attacked by federal troops.

known that such figures are capa-ble of committing the most horrible

atrocities at a cost of many lives,"

De Telegraaf said, also referring to

The police chief in Istanbul said

the Waco attack could have been better planned and executed.

These people are fanatics. Such an

end should have been calculated in advance," Needlet Menzir said.

Experts on calls were not surprised. "Given that Koresh's reli-gious organization was insane, it is

not surprising that the drastic mea-

the Jonestown tragedy.

"It has, after all, long been

Foreign Press Sees U.S. as 'Trigger-Happy Cop'

be only too happy to exploit once more the stereotype of the trigger-happy cop." said Dubai's English-

language Gulf News newspaper. Several foreign newspapers com-pared the Waco deaths with the

1978 mass suicide at Jonestown, Guyana, of Jim Jones and more than 900 followers. "But this time

the tragedy occurred in the heart of

America, surrounded by high-powered rifles, TV cameras and the patient voices of the mediators,"

said La Stampa newspaper of Tu-

"Who finally became too anx-

ious, the prophet or the authorities?" La Stampa asked, referring to David Koresh, the cult leader.

De Telegraaf, the Netherlands'

most popular daily, questioned in

"We do not get the impression that people were being held against their will," said Stephen N. Dun-

ning associate professor of reli-gious studies at the University of Pennsylvania. "If indeed there has been a mass suicide, it appears that the victims have chosen to be victims" — at least in the case of the

Many who join authoritarian groups like Mr. Koresh's are idealists. who hunger for an absolute truth for which they can give themsaid. The longer they remain in the group, the deeper their isolation from outside influence. "People there no longer maintain diverse relationships. All of their relationships are with people in the compound," he said.

To such cultic groups, a show of force by outside authorities may only drive believers closer together, adding to their sense of isolation from mainstream society, said Marc Galanter, professor of psy-chiatry at New York University Medical Center. "You cannot as-sume that people with an intensely held ideology are going to relent if you push them around," he said.

Adding to the tension at the Waco compound was the prospect of trial and imprisonment, stem-ming from the deaths of four federal agents.

"Remember what faces them on

tion ended up being used by the

suicide," Masato Shimizu, an au-

thor and expert on religion, was quoted as saying in Japan's nation-

The Times of London said the

investigation into the actions by the

FBI and other law enforcemen

tions of national competence

agencies will raise "broader ques

"The armed might of the United States has once again failed to cope with irrational, fanatical oppo-

"Inevitably, Washington's critics

will compare yesterday's fiasco with President Carter's attempt to

rescue the American hostages from Iran and President Reagan's disas-

trous incursion into Beirut.

al Asahi newspaper.

nents," it said.

ing forward to is a very grim out-

The Reverend Daniel C. O'Couversity, said there likely was an increasing mood of despair inside

than 900 followers to their deaths.

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### **Away From Politics**

LONDON — Utter failure.

Bloody debacle. Botched opera-

Foreign newspapers bluntly ac-cused American police on Tuesday of bungling the 51-day standoff with a religious cult in Texas, and predicted that "heads will roll" in President Bill Clinton's administra-

Experts on religious cults said it

came as no surprise that members of the Branch Davidian cult chose

mass suicide rather than surrender

and suggested that the FBI should have realized that.

As many as 87 people died, including 24 Britons, when their compound was set ablaze after law

enforcement agents tried to force them out with tear gas.

tion as a result.

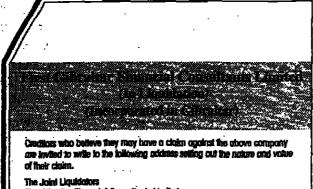
• The U.S. report on the Tailhook sexual harass mends that at least 140 people be considered for possible disciplinary action, Pentagon officials said. Dozens of women, more than half of them naval officers, said they were pawed and otherwise abused by drunken navy and Marine fliers at a three-day convention in 1991 of the Tailhook Association of aviators in Las Vegas.

A lawsuit by blacks seeks to rid the Mississippi flag of its symbols of the Confederacy. The Mississippi NAACP, its Jackson branch and the Confederacy. The Mississippi NAACP, its Jackson branch and the Confederacy are the state flag promotes racial disharmony. It was the most recent attack on Confederate symbols begun by blacks around the South blacks across the South.

• As many as 400,000 people around Milwankee — half of those served by the municipal water system — might have been sickened with diarrhea and nausea by the protozoan cryptosporidium parasite with diarrhea and nausea by the protozoan cryptosporidium parasite that got into tap water, according to the city health commissioner.

• The world's population is growing older fast, especially in developing nations, according to the U.S. Census Bureau. It said a study of ing nations, according to the U.S. Census Bureau. It said a study of the parasite of the control of 50 nations showed that people 65 or older were estimated at 342 million last year, about 6.2 percent of the world population. That age group represented an increase of nearly 10 million since 1991.

 A newspaper's subscribers may be treated as depreciable assets worth big tax write-offs by a new owner, the Supreme Court ruled.
Subscribers, and other businesses' noncontractual customers, are "intengible assets" and can be depreciated just like machinery or intengible assets" and can be depreciated just like machinery or inventory for tax purposes, the court said.



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Proof of debt cloims will be sant to those persons who have already mode es known to us, and to persons who respond to this o Signed : M. A. Jordan and K. Capple-Wood



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# A Political Kiss of Death? **Informer Links Andreotti to Mafia Chief**

New York Times Service ROME - The most graphic accusation yet of Mafia association against former Prime Minister Giulio Andreotti emerged Tuesday with testimony by an informer that the politician exchanged an embrace and kiss — a gangland token of mutual respect — with Salvatore (Toto) Riina, the Mafia's "boss of

The allegation might have been lifted out of the pages of "The Godfather," but its implications go far beyond fiction.

Coming a day after Italians voted massively for political change in referendum, the evidence by Baldassare Di Maggio, Mr. Riina's former driver, was certain to be taken as one more crushing indictment of the postwar era, when Mr. Andreotti, a Christian Democrat, ers of being one of the politician's was seven times prime minister and became the very emblem of the

Mr. Andreotti issued a statement Tuesday night terming the allegation "very serious slander" and de-

nying that he knew Mr. Riina. Mr. Riina was captured in January after 23 years on the run, during which time the mob expanded greatly into the world narcotics market, acquired a singular reputation for brutality and ordered the murder of several high public offi-

Mr. Andreotti. 74. a life senator in Parliament, has denied previous testimony by Mafia informers that he acted as the mob's political pro-

(Continued from page 1)

postwar generation of office-hold-

ers who treated politics as personal

fiel, they must decide who will be

their successors. The government of Prime Minister Giuliano Amato

is expected to resign on Thursday, but there is no indication who will

Moreover, the process that the referendum started by spurning the

postwar political class demands

not simply legislative change, but a

painful economic revolution to

take industry away from state man-

agers - at the risk of ever greater

unemployment and lost political patronage — and to implant a no-

tion of fiscal responsibility that Ita-

ly's fabled tax-evaders would rath-

Most of all, though, it calls for a

clear vision among Italians of what they want to replace what they have

"No political system can ahead for much longer with this degree of uncontained.

degree of uncertainty," said Um-berto Bossi, head of the insurgent

Northern League, which, like the

former communist Democratic

er not contemplate.

top anti-Mafia fighter, General Carlo Alberto Dalla Chiesa.

After Mr. Riina's first court appearance was televised in January. moreover, Mr. Andreotti said he had never seen him before. But Mr. Di Maggio, a turncoat

who eventually betrayed Mr. Riina to the police, said in testimony to Palermo magistrates made public by the Senate on Tuesday: "I am absolutely certain that I

recognized Giulio Andreotti because I saw him many times on television. I interpreted the kiss that Andreotti and Salvatore Riina

exchanged as a sign of respect." The incident was said to have happened five years ago at the home in Palermo of Ignazio Salvo. a high-ranking associate of Mr. Andreotti who was accused by inform-

main contacts with the mob. Mr. Salvo was murdered last Sept. 17, following the March 1992 killing of another leading An-

dreotti aide in Sicily, Salvo Lima. "When we walked in, the people present were the Honorable Giulio Andreotti and the Honorable Salvo Lima. They stood up and I shook their hand and kissed Ignazio Salvo. Riina, however, greeted with a kiss all three people. I left soon

Ignazio Salvo, who was under mum of proof against him and house arrest, to meet with the fugi- said the charges were part of a tector and even ordered the assassi-nations of a journalist and of the posedly even kissed."

extremist splinters.

to illicit funding?

the country's elder statesman, em-

blem of its postwar politics and

Mafia legislation enacted during after," Mr. Di Maggio said, accord-ing to the magistrates' account of his testimony. his periods in office.

The weekly news magazine Europeo made public on Tuesday an Mr. Andreotti's statement said: advance version of a weekly col"I must denounce the very serious umn by Mr. Andreotti in which he slander of my presence in the home declares there is a "lack of a mini-

knew even Rima

revulsion of his critics.

dreotti's parliamentary immu

A Senate panel was scheduled to

decide Thursday whether to lift Mr.

Andreotti's immunity, but this

deadline is now likely to slip.

Also on Thursday, the full Sen-

ate is to pass a similar judgment on

Bettino Craxi, the former Socialist

Party leader, who is accused of tak-

ing many bribes in the country's

bribery and corruption scan-

In denving the charges of Mafia

association, a serious crime in Italy,

Mr. Andreotti has insisted that he

is the victim of a coordinated gang-land vendetta to avenge the anti-

can pursue their inquiries.



Cemetery workers cleaning up Tuesday around the grave of Chris Hani in the Johannesburg suburb of Boksburg.

# A Vow of 'Pressure Upon Pressure' on Pretoria

Compiled by Our Staff From Dispatches
JOHANNESBURG — The African National Congress pledged "pressure upon pressure" against the government on Tuesday, but President Frederik W. de Klerk said negotiation was the only way forward.

The ANC secretary-general, Cyril Ramaphosa, said the movement would step up pressure for a quick political settlement to defuse the crisis set off by the April 10 murder of the Communist Party leader Chris

"We will put pressure upon pressure upon pressure." Mr. Ramaphosa said, adding, "We are confident we will achieve our goals."

He said that ANC branches would stage local protests until the end of the month when a national strategy of civil disobedience "Should the process not produce results by the end of May, our program of rolling mass action will enter a new phase," a statement by the African National Congress and its Communist and labor allies said.

Mr. de Klerk told Parliament in Cape Town that his National Party, which has governed South Africa since 1948, would not relinquish power until after the country's first

"All of this is so unnecessary and harmful to the interests of our country and of all our people." he said. "No effort to change this reality by force or pressure will succeed. Real, honest negotiation is the key to the future.

not force, pressure or aggression."

Mr. de Klerk said there could be no peaceful resolution of South Africa's political con-flict without his party, the African National Congress and the Zulu-dominated inkatha Freedom Party of Chief Mangosuthu Buthelezi. Chief Buthelezi on Tuesday described the ANC's mass-action campaign as a major setback to democracy negotiations.

The African National Congress and its allies want a transitional government in place by the end of May and a date set within six weeks for all-race elections. Black youth leaders said the civil disobedience campaign was likely to include demonstrations, strikes, consumer boycotts and sit-ins at state buildings.

A Polish immigrant, Janusz Walus, is to appear in court next month on charges of killing Mr. Hani. A member of the pro-apartheid Conservative Party, Clive Derby-Lewis, is also being held. News reports said more arrests were imminent. (Reuters, AP)

### BIRD: **ITALY:** A Vote for Change, but Is the Nation Ready?

(Continued from page 1) dinosaur but the hollow bones and feathered wing of a bird, Archeopteryx is usually described as a dino-

of patronage and pork-barrel actu-ally worked? the far broader issues surrounding at Archeopteryx, "then these are the referendum: What exactly does the second and third most primitive history and manners conspire to casts bearing the impressions of smooth the hard choices and avoid two recently discovered sparrow-

happening now? Even on Tuesday, magistrates brought fresh charges of Mafia as-sociation against Giulio Andreotti. took root, Italians came to enjoy China; the other one, only slightly one of Europe's most comfortable newer, was Iberomesornis from lifestyles. It was part of the nation's Spain. unwritten compact between Chris-West's most powerful Communist Party that the state should underwrite a standard of living that kept

> massive state sector protected jobs. Mr. Eco, writing of the old unspoken compact with the politicians at the apex of the system, said, "The Italians knew who you needed to see for a favor and how much it cost, how to get out of a traffic fine, how to find an easy, little job thanks to a letter of recommendation, how to win a contract without difficult competition. In short, it suited people well enough and so they held their noses

euphoria yet to be tested against the maneuvers of politicians either fearing the loss of power of scenting new access to a greater share it.

(Continued from page 1) and thorough" inquiry, using out-side experts, and that his administration would cooperate with any

congressional investigations. An intense public debate over government actions began as live television broadcasts vividly showed the Branch Davidian cult's rural compound burning to the ground on Monday, with Mr. Koresh and his followers inside.

Initially, the tragedy appeared to place the White House on the defensive. Mr. Clinton's aides seemed to be engaged in an effort to place him outside the realm of direct responsibility for the decision by the government to pump tear gas into the cult compound early Monday after ramming holes in exterior walls with armored military vehi-

Attorney General Janet Reno, only a few weeks in her post, said the decision to move in with tear evening statement Monday, Mr.
Clinton said he was briefed on Sunday by Ms. Reno and added of the mothers would flee the compound

Mr. Clinton's press secretary, Dee Dee Myers, said early Tuesday that he stood "foursquare behind that federal law enforcement offi-

CLINTON: He Takes Responsibility for Texas Raid the attorney general" and had no cials had reviewed "every option" before trying to tighten their perim-eter around the compound and

intention of accepting her resigna-The president later said that he had withheld public comment until events fully unfolded and was "bewildered" by suggestions, primarily from journalists, that he was seek-ing to distance himself from the

"It is not possible for a president to distance himself from things that happen when the federal govern-ment is in control," Mr. Clinton

He heatedly dismissed the notion that Ms. Reno should resign "because some religious fanatics murdered themselves."

Despite the government's efforts, a number of apparent con-tractions emerged. For example, federal agents said Mr. Koresh re-peatedly lied to them about his intentions during the 51 days of negotiations. But they seem to have accepted assurances from various gas was hers, and she offered her cult members inside the compound resignation late Monday. In a late that no mass suicide was contem-

to move in on the com- with their children. But Jeff Jamar pound: "I told the attorney general the FBI agent in charge in Waco, to do what she thought was right, and I stand by that decision." said Tuesday that "David Koresh controlled those people's lives absolutely.

Ms. Reno and Mr. Clinton said

lice bombed an armed group called MOVE and in 1974 when six people died in Los Angeles in a confrontation involving the Symbionese Liberation Army.

fanned by high winds.

The FBI director, William Sessions, said Tuesday that that "no-body contemplated" the possibility of a mass suicide.

flush out the cult members with

tear gas. Other senior officials,

however, said they were surprised

by the ensuing fire, which quickly consumed the wooden buildings,

### **Ex-Hostage Says** All Will Die if Jail Is Stormed

LUCASVILLE, Ohio - A hos-

tage who was released from the Southern Ohio Correctional Facilito storm the maximum security prison, the remaining five hostages will be killed.

eight prison guards taken hostage in the April II uprising and who was released Friday, said he was bound hand and foot, blindfolded and threatened with death during the five days he spent inside Cellb-

He also reiterated a charge that the tactics adopted by authorities, plus a caustic comment by a prison system spokeswoman that immates heard on the radio, were the main causes of the death of Robert R. Vallandingham, the only hostage killed in the standoff.

Mr. Demons, one of two hostages who have been released and the only black in the group, said the rebellious inmates "don't want any more killings" and are protecting about eight inmates who are con-sidered "snitches" by keeping them locked in cells.

Prison officials said that Mr. Vallandingham, 40, died of strantoll until they could search a maze gulation but was not otherwise of underground passages. Thirty-physically abused. The announceseven people, mostly children, had ment confirmed earlier reports that left the compound earlier, during Mr. Vallandingham was hanged by some of the inmates.

### active in peaceful areas," said Klaus Kinkel, Germany's foreign Fire was a key factor in deadly police standoffs with other groups: in 1985 in Philadelphia, where po-In Mogadishu, a spokesman for

the UN operation in Somalia welcomed the German decision and said, "It immensely delights us to note that senior members of the world community take the lead in joining hands to help a situation

Bonn Agrees

(Continued from page 1)

peacekeeping. Its junior coalition partner, the Free Democratic Par-

"It is an important decision for

Germany's international solidarity." Mr. Kohl said Tuesday after

action did not mean German

troops could be sent as part of a

United Nations mission to stop the

fighting in Bosnia-Herzegovina, as

some Christian Democrats de-

"I have made it completely clear

with regard to Yugoslavia that no

government carrying my name will

send soldiers there, and it remains that way," Mr. Kohl said in a brief

standing from our international

partners. But they expect us to par-ticipate in Somalia."

second significant step this month

toward broadening Germany's role

in international peacekeeping mis-sions. On April 8, the Federal Con-

stitutional Court in Karlsruhe,

Germany's supreme court, said in a 5-to-3 ruling that German military

personnel could remain on NATO

air-control and surveillance planes that are helping enforce a UN ban on military flights over Bosnia-

That decision appears to have helped break the political gridlock that had kept German troops from

going to Somalia. The Bonn gov-ernment said in December it would

send troops to Somalia, which has been ravaged by famine and war. But the deployment was delayed because the Free Democrats said it

would come too close to being a

They softened their stance after

receiving assurances from the UN

secretary-general, Butros Butros Ghali, who formally requested

"The general secretary assured us—and we have to rely on that—that German soldiers will only be

German troops last week.

Herzegovina.

combat mission.

The decision Tuesday was the

statement on German television.
This has found a lot of under

manded last week.

such as this." Dieter Vogel, the chief German government spokesman, said that the final decision on sending the troops to Somalia would be made

by Mr. Kohl's cabinet on Wednesday morning. Government officials said the soldiers would use their weapons only for self-defense and would

participate in cleaning mines from roads, providing transportation, distributing humanitarian aid-building shelters for refugees and Hans-Ulrich Klose, the Social

Southern Ohio Correctional Facility has warned that if the police try leader, said the opposition party would not oppose sending troops Despite the political bickering, a

James A. Demons, 26, one of solid majority of Germans appears the prison guards taken hostage to favor sending troops on international peacekeeping missions. A re-cent poll by the Allensbach Institute showed that 50 percent of Germans surveyed believed Germany should be able to send its troops on UN missions, with 31 percent opposed and the remainder undecided.

# Air Raids Urged

foreign secretary, Douglas Hurd, whose government has strongly opposed exercising the military option in Bosnia.

said none of Mr. Clinton's options looked attractive. "It is a very difficult set of choices," he told a Senate Defense subcommittee. He said hedid not know when Mr. Clinton would decide his next move.

had discussed tougher UN sanc-tions against Serbia and Montenegro over the telephone on Tuesday. The spokesman gave no details of

ing Leon Fuerth, the national security assistant to Vice President Al Gore, to Europe to ensure adherence to the tighter economic sanc-tions the UN Security Council imposed on Yugoslavia last Saturday. (AP, Reuters)

**■ Caution by UN Leader** 

foreign minister, Emilio Colombo, France-Presse reported.

en, must be taken within the frame-work of the United Nations and resolutions adopted by the United Nations, or with a mandate from the United Nations," the UN secre-

the UN Security Council, have expressed serious reservations on lift-ing the arms embargo for the Muslims or air strikes against the Serbs.

Mr. Butros Ghali called for re-

newed efforts to find a peaceful. drafted by UN and EC mediators.

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Herald Eribune.

form was only one of eight ballots but was by far the most significant, ending the system of proportional hittle clique of Communists?" representation for three-quarters of the Senate and proposing its re-placement with a majority vote.

big winner in the referendum. That is where Mr. Eco's question The referendum on electoral recropped up again. "Well, gosh," he had written before the referendum, "who voted for Andreotti? Some "These days, at least 95 percent

of Italians are indignant and cry thief when a legislator passes on the When eventually enacted and streets," he said in his magazine carried through to the lower house, column. In the past "did they all vote radical? Did they form public health committees? Did they get indignant then, and get over it?" the reform could revolutionize Italian politics by eliminating the smaller parties that have always fluttered around democracy's In other words, who cried foul in the good old days when the system flame here, and replacing them with larger parties, thus eliminating

Not only that, another of the referendums severely restricted government funding of political parties. So where will the money come from now, particularly since the country's vast bribery and corruption scandal has severed access

revolution at bay through health care and pensions and 14-month-ayear salaries. Legislation protected

big business from competition. A

The flaw, though, was that it cost too much to sustain.

The referendum provided a cutoff point, a moment when the old guard was dismissed, and a sense of

Party of the Left, counted itself a now lightning rod for much public Some Say It Isn't

saur on the way to becoming a bird, if not a bird already.

Judging by its asymmetrical feather pattern, similar to that of modern birds, it probably could fly in some fashion. Six well-preserved amens have been found in the 150 million-year-old limestone, lithified sediments from a prehistoric lagoon, and a seventh discovery is expected to be reported soon by German scientists.

"If this is the most primitive of The question goes to the core of all birds," Mr. Norell said, nodding "change" mean in a land whose ones we know of." He picked up the crunch; and why should it be size specimens that scientists agree were flying birds. One was the 135 In the same years that corruption million-year-old Sinornis from China; the other one, only slightly

tian Democrat rulers and the bone, similar to the one to which flight muscles are attached in modern birds. Both species had an elongated strutlike pectoral bone, the coracoid, showing that the musculature of their breasts worked to elevate the wing much as it does in

Both had given up the long tails of their reptilian heritage and were left with only a pygostyle, the "pope's nose," a stubby vestigial tail of fused vertebrae out of which grew a feather fan essential to flight maneuvering.

Finally, Mr. Norell turned to Mononychus and, anticipating the question of how such a flightless, wingless animal living some 50 million years later could fit comfortably into any picture of avian evolution, said: "Whatever you would expect, it wouldn't be something like this. You would expect a fully flying bird."

The Mononychus fossils were found in the Gobi, where the American Museum and the Mongolian Academy of Science are conducting a four-year expedition in

# Dining Valley

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DA MEO PATACCA

VIENNA KERVANSARAY

### FBI: Did Cultists Murder Others? (Continued from page 1) cials believed that child abuse was

occurring in the cult's compound. The disclosure of the bugging equipment came as a Justice Department spokesman, Carl Stern, said that the nine survivors may face criminal charges stemming from the Feb. 28 killing of four Treasury agents seeking to arrest Mr. Koresh.

Charges might also be placed against cult members who have been held as material witnesses since they left the compound in the intervening weeks, he said.

officials were seen walking through the scorched compound Tuesday, going through debris and taking notes. Reporters were still kept more than a mile away.

Mr. Jamar said ammunition stored at the compound still was "cooking" in the hot wreckage and that it would be some time before

many bodies could be recovered. The fire started after FBI agents used armored vehicles to breach the compound walls and pump in tear gas, in an attempt to evict the

Bob Ricks, another FBI spokesman, said, "We had hoped the women would grab their children and flee, that the motherly instinct would take place."

Mr. Ricks said there was speculation that cult members poisoned the children to ease the terror and pain of the end. While some people did say there was poison in the compound, there was no confirmation it was used, he said. At least nine cult members es-

caped, but authorities said they wouldn't know the precise death the standoff.

# EXCELLENT MIXED-USE WATERFRONT DEVELOPMENT OPPORTUNITY

### MANHATTAN PASSENGER SHIP TERMINAL

he New York City Economic Development Corporation (EDC) and the Port Authority of New York and New Jersey are requesting expressions of interest for the mixed-use redevelopment of the New York City Pasenger Ship Terminal (Piers 88, 90 and 92) and Pier 94 on the Hudson River in Manhattan. Responses will help shape the future development potential of this site.

This centrally located 16-acre site stretches along Manhattan's West Side waterfront on 12th Avenue between West 46th and West 55th Streets. It is convenient to the Midtown theater and business districts. EDC and the Port Authority are seeking a mix of maritine, commercial, recreational or light industrial uses for the Terminal and Pier 94 which will integrate with, augment and complement the existing cruise ship

For a copy of the Request for Expressions of Interest, which describes development goals and opportunities, contact Patricia Walker at (212) 312-3969, or by fax at (212) 312-3918. Submissions are due to the New York City Economic Development Corporation, 110 William Street, 6th fl. NY, NY 10038 by 5:00 p.m. on Monday,

# **BOSNIA:**

including use of force, were receiv-. ing urgent consideration. He dis-cussed the subject with the British

Defense Secretary Les Aspin

the conversation.

Mr. Clinton, meanwhile, is send-

said no nation should act alone in Bosnia-Herzegovina, Agence "All measures that would be tak-

tary general said France and Britain, which like the United States have a veto on

solution to the Bosnia war within. the framework of the settlement.

In Paris, a spokesman for President François Mitterrand said that Mr. Clinton and the French leader

Mr. Butros Ghali, speaking in Rome after talks with the Italian

# Hong Kong Fest: Japanese Money, Mexican Movie By Kevin Murphy International Herald Tribone T. T. ONG KONG — Vice Hong Kong Fest: Japanese Money, Moneys into Hollywood. And, Cox says he's better known in Japan than any other market.

ONG KONG - Like many who come to this noisy trading city, the lanky Liverpudlian dressed all in black, save for a small Mexico badge on the jacket, is here to sell his wares.

Unfortunately, the market for makers of morally ambiguous films with a dark-humor bent is hard to find in Hong Kong, or anywhere

Alex Cox and his latest work, "El Patrullero" (The Highway Patrol-man), made with Japanese money in Spanish with all-Mexican cast. was invited to the 17th Hong Kong International Film Festival Cox came along to see if he could scare up some backing for future pro-

"I'm glad to be in the festival, it gives me an opportunity to knock on some doors," says Cox, known for his cult classics, "Repo Man" (1984) and "Sid and Nancy" (1986) the story of the Sex Pistols Sid Vicious and his girlfriend, Nancy Spungen. "If, as an independent filmmaker you're not afraid to go to all corners of the globe, then you have a better chance of making

: 50. : 22. : 23.

· 42

"It's sort of like being an early capitalist; you set sail with a leaky boat, try to find something to put in the hold, some slaves, silk, whatever is going, take it to the next port, hopefully sell it and move on. There's no health insurance, no pension plan, but you are free to market whatever bill of goods you

"El Patrullero," now playing in Paris at the Action Christine The-arre, with releases scheduled later this year in Tokyo, Mexico and the United States, shows the distances filmmakers will travel in an era where U.S. studios dominate film fmance and everyone not looking to make a commercial film must scramble for the joint-venture

The backing of the giant Japanese trading house, Marubeni, and the Tokyo distributor Cable Hogue Co. Ltd., is strange, but not inexpli-

Manubeni committed to "El Patrullero" and another film made with the same cast in Mexico City, groups were making big-money forays into Hollywood. And, Cox says he's better known in Japan than any other market

"We later found out they saw it as a samurai film," says Cox of "El Patrullero," the story of a young patrolman straight out of the acad-emy who eventually learns the "bad guy" is actually himself due to his

role in a courupt system.

"I thought we were just making a film about a Mexican highway cop. But the Japanese saw the hero as a samurai working for the highway patrol clan who eventually rebels and goes out on his road. And the writer, Lorenzo O'Brien, saw in it his struggle to make independent films in Hollywood."

Cox and O'Brien, a Peruvian, who first met at UCLA's film school in the early 1980s, based the film on a stream of stories told by a former highway cop who drove them around Mexico scouring locations for "Walker," a film eventually shot in Nicaragua about the American adventurer who took over and ruled Nicaragua in 1856.

"The film is pretty close to our driver's life, true to the life of a lot of highway cops in Mexico," says Cox. "They're 19 or 20 years old when they come out of the academy, and they're given a stretch of highway and a car and they're told, You drive up and down that road

OX sought the help of Mexico's highway patrol which is the focus a thriving domestic genre of shoot-em-ups. But one look at the script meant the film had to

invent a phony police force.

Eventually the two sides reached an accord: if Cox created a fictitious police force closely resembling the highway patrol, but sport-ing different badges, uniforms, and patrol cars, production wouldn't be shut down

The film's reception in Japan is Cox's greatest worry: future funding prospects hinge on a good showing. He's not sure U. S. audi-ences will take the trouble to watch a Spanish-language film that is not "a wacky Madrid comedy." But he predicts it will do well in Mexico.

"This is the Towering Infemo' of Mexican cinema. It was the most expensive Mexican film (\$1.25 million) ever made and its cast has the



Alex Cox (bottom right) and two scenes from his film, "El Patrullero."

film festival in Spain.

Critical success for Alfonso

Aran's "Like Water to Chocolate," described at the Hong Kong festival as a "surrealistically erotic" story of a woman who expresses her love for a man she's forbidden to marry through her cooking for him, may, according to Cox, pave the way for other Mexican films.
"Alfonso and I are glad that each

others' films are having some suc-cess. His is a beautiful, very romantic vision of Mexican life at the beginning of the century. Mine is more realistic and somewhat grimmer although there is a beauty there. Both correspond to a certain

Mexican reality."

That a former Oxford University

award at last year's San Sebastian himself on the crest of a hoped-for comfortable with an arbitrary divinew wave in Mexican cinema comes about more through circumstance than design. Cox's career and future projects will take him where the finance is.

> "Sometimes you get down to the stage where you've only got \$200. It's a stressful existence, but not as stressful as being a conventional director," says Cox, who nonetheless believes, given the standard fare of big-budget movies, that he'll continue in seat-of-the-pants film-

"I think I have to stay there, in the realm of ambiguous moral tales which Hollywood bates. I'm not good at blowing things up and I don't believe there are only good "Death and the Compass" (based biggest names in Mexican cinema on the lorge Luis Borges short sto- in it," says Cox. Roberto Sosa, who law, student who refuses to make people and bad people. In general want. The film, unless it's rely) at a time when other Japanese plays the hero, won the best actor morally black and white films finds people contain both and I'm not bad, is going to make money."

sion between then, that way lies

Cox's ongoing projects include a film about Che Guevara and a "grim comedy" about the first manned flight to Mars, both sup-ported by European groups. But Cox wouldn't be surprised to see himself working in Asia, "with a good translator.

"Look at the Japanese and Kurosawa. What more arbitrary and cursed gay could there be working in a studio making his personal films?" he says. "The Japanese are not as predictable as Westerners think. They have a wonderful sense of the perverse. They also know when you're only spending a mil-lion backs, you can do what you want. The film, unless it's really

# Putting Bartók in Context, With a New 'Bluebeard'

By David Stevens

ARIS - Unprompted by any round-numbered anniversary or other formal pretext, the Théâtre du Chatelet has devoted much of the second half of the current season to a cycle of the music of Bela Bartók.

Extensive but not comprehensive, the program consists of 17 concerts in which 30-odd works (or excerpts, in the case of the "Mikrokosmos" piano series) are put in iuxtaposition with the music of pertinent predecessors (Haydn, Liszt), contemporaries (Stravinsky, Schoenberg, Debussy, Prokoliev, Martinu) or present-day Hungar-ians (Kurtág, Ligeti).

Included were the concertos and sonatas for piano and violin, the late orchestral works of his years in exile before his death in New York in 1945, and the six string quartets -- now as much of an imperative in this repertory as Beethoven's. Also present were the trio "Contrasts" (commissioned by Benny Goodman) and the Sonata for Two Pianos and Percussion. Missing were the "Cantata Profana" and the ballet score of "The Wooden Prince." Some early works were included, notably the very early Piano Quinter, with its distant echoes of Brahms, Liszt and Strauss.

ECAUSE Bartók was such a formidable pianist that he could easily have pursued a career as a virtuoso, and because he wrote most of his piano music for himself, the works for this instrument were of

Zoltán Kocsis, himself a composer and pianist, triumphed brilliantly with the Third Concerto (the "easy" one, written for his sec- and a woman in stories of psychoond wife, Ditta Pasztory), and Peter Donohoe brought his rock solid of the secret recesses in the soul of a technique to the Second. And creative artist. Desző Ranki shone in a program that included several of the solo piano works. The quartets were performed with precision and élan by the Tokyo Quartet, which inuded a Haydn quartet in each of its three programs as a reminder of Bartók's classical lineage.

Coming up is the centerpiece of the cycle, beginning Friday, four performances of a new production of Bartók's only opera, "Blue-beard's Castle," conducted by Charles Dutoit with the Orchestre National, staged by Stéphane Stéphane Solitary and enigmatic figure. Un-

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Bartók as seen by New York cartoonist Aline Fruhaup.

Braunschweig, and with Eva Marton and Csaba Airizer in the two rist, he did not teach composition

The cycle will end with two macollaborate on the First Piano Concerto, and June 29, when Simon Rattle conducts his City of Birmingham Symphony Orchestra in the Concerto for Orchestra and the

Although "Bluebeard's Castle" comes from an early stage in Bartok's development (1911, but not performed until 1918), it is along with the two ballets a key work in his output. All three oppose a man logical depth, profoundly revealing

"Bluebeard" treats the legend in a way that relies almost not at all on stage action, but with a rich score that unveils the symbolism ed before. behind each of the seven doors wives behind the seventh door and where no one can follow - not ers and corridors is a generous as even a loving and beloved woman. sortment of iconography, much of

but confined himself to teaching piano, nor did he leave behind a jor concerts on June 28, when Dan-school of composition. Unlike iel Barenboim and Pierre Boulez Stravinsky, he did not burst onto the international scene with a series of brilliant, iconoclastic works. He moved gradually toward the matu-rity of his final years, in unhappy exile, during which he produced the suite from the ballet score for "The Miraculous Mandarin." works that assure his place in the repertory.

ogist he discovered — with Zoltan Kodaly he authentic folk music of Hungary, and of other Balkan North Africa. This became the raw material of a slowly evolving per-sonal style that set him apart from the Germanic influences of his youth and in the end created a Hungaro-Balkan musical tradition of art music where none had exist-

The Châtelet's cycle has been opened by Judith, Bluebeard's wife augmented by a series of confer-No. 4. Finally, she joins the other ences on various aspects of the composer's life and work. And leaves him in darkness and alone scattered around the theater's foy-

### LONDON THEATER

# The Vanishing Stoppard

By Sheridan Morley

International Herald Tribune ghosts hannt the long ining-table which dominates the set of Tom Stoppard's "Arcada" on the Lyttelton stage of the National Many of them we are meant to acknowledge: Lord Byron, who just might have been dueling there in 1809; Capability Brown, whose elegant classical gardens, glimpsed through the tall windows, are being laid low by the coming of the new steam engine; Lady Bracknell, not yet born but hovering over the proceedings already; Lady Caroline Lamb, about whom the latter day researcher of Arcadia (Felicity Kendal) has just published a controversial biography.

troversial biography.

Then again, there are ancient and modern philosophers and scieatists, creators of the chaos theo-nes and the computers which add to them, Mrs. Gaskell is in there somewhere, and Jane Austen, and Oscar Wilde and Isaac Newton; none of them actually on stage but all gathered in essence, just as in more realistic times Stoppard once gathered Lenin and Tzara and Joyce in Zurich for "Travesties."

.But there are other ghosts around "Arcadia" and they are the more scary ones: the ghosts of Christopher Fry and Jean Anouilh, who in ceir later dramas (Fry remains of source superbly alive in real life) more or less abandoned activity for arcane debate. Te final image of Trevor Numn's exquisitely measured production is of the four Central Arcadians dancing in circles around the table, setting nowhere enchant-ingly, and it is all too symbolic of the

play which precedes it.
"Arcadia" offers us the terrifying
prospect of Britain's most intelligent and referential dramatist finally anishing in his own brilliance. It is in the end a play about everything and nothing, in which knowledge is all and caring is till. We are in two time frames: 1809, when the Byronic escapade might not have hap-pened and 1993 when its researchers (Kendal and Billy Nighy) come together to ponder its improbabilities as well as those of chaos theory and the premature discovery of computer science by one of those clfin spirits (Emma Fielding) doomed, usually by Barrie or

Anouill, to early and tragic death.

This is a wordplay of Stoppard's customary, Scrabbled brilliance about the true meaning of life, and the nature of existence and the tortoise back from "Jumpers." It also, at times, resembles a Feydean farce rewritten by Richard Brinsley Sheridan, and at others the desperate erudition of a man painfully unable to make us care about any

scenes start out as "Hay Fever" or "The School of Scandal," while at others Stoppard seems to be offering us Enid Bagnold on speed, or "The Chalk Garden" rewritten by

Stephen Hawking. Once you have decided that chaos comes from order, rather than the reverse, you have still to clear a path through the trees, or at least those left after a "Checry Orchard" garden rethink. Like his researchers, Stoppard frequently comments on his play in progress ("Bride-shead Regargitated"), but somewhere along the way he has started to write its footnotes instead of its

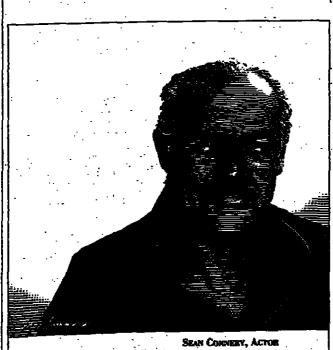
"Arcadia" bears all the signs of a playwright desperately signaling to his audience that he has done the research but now lacks the dramatic equipment to get its results across the footlights. It is a guided tour of a play rather than the play itself, but you won't find a more intelligent or maddening conversa-

tional folly. Hasten along. Hasten too to Richmond, where at the Orange Tree you will find seen to live, in a land fit for charlathoroughly enthralling rediscovery:

century English dramatist who in 1909 weighed his neck down with bar bells and walked to his death in a Welsh river. A verdict of "suicide while temporarily insane" was returned, but the evidence of his "Return of the Prodigni suggests a playwright unable to come to terms with being neither Shaw nor Ibsen. and a patriot appalled by the shifts in local middle class morality.

As its title might suggest, his play is a variant on the old parable of the wastrel son returning to the bosom of his family, in this case essentially to blackmail them into a further loan. But they too are torn apart by social and political treachery, and it is not hard to find Han-kin therefore central to the line which runs from Galsworthy to Priestley in British domestic dra-

In Peter Leslie Wild's sturdy production, Timothy Watson in the title role and Frank Moorey as his politically ambitious father outline the double standards by which the rest of Hankin's characters are also



People at the top read the Trib.

Herald Eridune.

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# Herald Tribune.

# **A Cult Up in Flames**

### A Frightful Outcome

The inferno that engulfed and destroyed the Branch Davidian compound in Waco on Monday turned a difficult and intractable standoff into a calamity. For 51 days. David Koresh and his followers had barricaded themselves in a collection of build-ings, raising then dashing hopes that the situation could be resolved without further bloodshed. It is still not possible to say with finality exactly what went wrong, but it cannot be disputed that the conclusion of the episode was just about the worst that could have been expected.

It is easy in hindsight to question the government's decision to increase pressure on the cult leaders. Having waited seven weeks, couldn't authorities have continued the vigil until supplies of food and water ran out in the compound, or until Mr. Koresh surrendered or other, wiser heads took control inside? Attorney General Janet Reno says that this strategy was considered but rejected, in part because experts believed that the 17 children in the facility were being abused and were in danger. Further, there was fear that harm would come to others in the compound and to law enforcement personnel if information that the Justice Department had about a planned final battle

### **Botched From the Start**

David Koresh claimed to be God and threatened an apocalypse if federal agents stormed the compound near Waco where his Branch Davidian followers were encircled for 51 days. But there was nothing divinely ordained in Monday's catastrophe. It followed a dawn assault by the FBI meant to save lives by pumping nonlethal gas into the compound. Scores of people were killed, hours later, in a suicidal pyre

evidently ignited by the Branch Davidians. The demented Mr. Koresh achieved his martyrdom, but this was assuredly not what the FBI, the Justice Department or President Bill Clinton wanted. Of at least 17 children in the compound, none are known to have survived; as many as 70 adults are presumed dead. Mr. Clinton and Attorney General fanet Reno will need much better explanations than the visibly shaken Ms. Reno gave on Monday to justify what looks like an illconceived and unwarranted operation. On the facts as she presented them, time was on

the authorities' side, and they threw it away. As Ms. Reno acknowledged, the assault was not the result of new circumstances or new ultimatums from Mr. Koresh. The showdown was approved in the belief that the armed standoff could not continue indefinitely, and that the current team surround- judgment. The hard lesson is that patience ing the enclave would have to be replaced, requiring the training and preparation of a whole new group. In the words of Bob Ricks, the FBI spokesman in Waco, the impasse "had to be brought to a logical conclusion

proved correct. Simple withdrawal from the area was never an option because that might have allowed the escape of those responsible for the killing of four federal agents on Feb. 28 and the illegal stockpiling of arms that was the initial reason for the government's assault on the buildings.
The Justice Department's plan to esca-

late pressure was reasonable on its face. Dozens of former cult members around the world were interviewed during the siege, and none predicted a mass suicide. Special efforts were made to obtain the release of the children; rooms where they were thought to be held were not assaulted. Medical experts gave assurances that the tear gas used was neither lethal nor permanently damag-ing. And despite the hundreds of rounds of bullets directed against the officers Monday morning, that fire was not returned. Nevertheless, the horror of the fire - which Attorney General Reno says she is "absolutely sure" was started inside the com-

pound --- was unexpected and devastating. In the weeks ahead, more details will come out, and more questions will be asked about the need for the raid, the conduct of the siege and the specifics of how and why so many people perished. It is enough for now to mourn the frightful outcome.

- THE WASHINGTON POST.

at some point." It is hard to believe that impatience alone could justify a risky show-

down with an unbalanced adversary. Ms. Reno described the tear gas attack as an incremental increase in pressure on the cultists designed to encourage women and children to flee, with no intention that Monday would become "D-Day." But as-sault by an armored vehicle equipped to poke holes in buildings seems like a large escalation of force more likely to make cult-

ists think that D-Day had indeed arrived. Obviously the choices were cruel, and by all accounts FBI agents showed courage and restraint in not returning fire when dozens of rounds were directed at them from within the compound. But in light of the trage-dy. Mr. Ricks's assertion that there was "no question our plan was correct" seems sadly to miss the point. The plan, which Ms. Reno said was approved unanimously by her advisers, and to which Mr. Clinton gave his assent, assumed that Mr. Koresh would yield without carrying out his suicidal threats. The miscalculation was near total.

The Koresh affair has been mishandled from beginning to end. It started with a bungled attack by federal Alcohol, Tobacco and Firearms agents in which four agents and an unknown number of cultists were killed, and ended in Monday's FBI misand determination do not cost lives, but impatience does. Does anyone now doubt that it would have been better to let the standoff in Waco continue?

# **Tudiman Has It Wrong**

one of the guests invited to the opening next translations and excerpts taken out of con-Monday of the Holocaust Museum in text. He has repeatedly asserted his good-Washington, which memorializes the 6 mil- will toward Jews and his personal probity lion Jews and others who were victims of as one who fought Nazis and was jailed by Nazi Germany. We refer to Croatia's presi- Communists. But he does not take back dent. Franjo Tudiman, who arrives under what he said. Rather, in the conspiracythe cloud spun by his own public, recent and freshly reaffirmed remarks on Jews.

In 1988 Mr. Tudjman, a former Communist general who had become a historian on humiliating Croatia. His government and a leading voice of Croatian nationalism, published what he presented as a philosophical treatise called "Wilderness of Historical Reality." Soon after, as Cro- an Jewry was determined include counatia asserted its independence and he became its first and elected president, the der the debris of Hitlerism and book started generating the storm that is communism. The Holocaust Museum peoswiring still. The passages most at issue ple invited to the opening the leaders of all suggest that "special features" of the Jews' of them not currently violating human religion and mentality provoked attacks rights. Serbia alone was adjudged not to on them, that Jews used "emotional biased testimonies" and "exaggerate" their Holo- in the charmed circle, and, with public caust losses, that their beliefs sanction attention fixed mostly on Serbia, got in. "genocide" for Jewish purposes (against Mr. Tudjman appears insensitive to the resonances of it. He explains wearily that

tinged Balkan fashion, he sees in the questions about his book the sinister hand of two nemeses, Serbs and Communists, bent has prepared its own 250-page rebuttal,

"An Analysis of Serbian Propaganda." The lands where the destiny of Europemeet that standard. Croatia sought a place More than most, however, Mr. Tudjman

### Other Comment

### The New World Impotence

Secretary of State Warren Christopher is in agreement with official Britain, dismissing Margaret Thatcher as "emotional." Others in the Clinton administration, proposing such measures as the creation of refugee havens within Bosnia, clearly do not have the boss's ear. In the end, it may not matter. The Europeans unanimously oppose arming the Bosnians and unanimously oppose even such inconvenience to the Serbs as air strikes might provide. Lord Owen, his folly exposed by events, now favors strikes, but they do not. Without European cooperation, Bill Clinton has said

until now that he is reluctant to move. In short, ghastly as the slaughter will be, fateful as will be the precedent established for the rest of Eastern Europe and the former Soviet Union, it looks right now as if nothing of any consequence will be done. This impotence, this appalling unanimity, is as much of a new world order as we shall soon see.

- Los Angeles Times.

### Bashing Makes Bad Policy

While Japan-bashers will cheer the Clinton administration, genuine free-traders are nervous not just about a U.S.-Japan trade war but about the concept of managed trade. Jagdish Bhagwati, a trade economist, calls the U.S. approach "a form of export protectionism" that could undermine the world trading system. Many like him hope that the U.S.-Japan dispute will be settled at a multilateral, rather than a bilateral, level.

This does not absolve Japan from the responsibility of initiating measures to open its markets. Some analysts argue that in its stubborn refusal to allow access, the Japanese government has incurred the wrath of the Americans and will now have to bear the consequences. However, U.S. trade policymakers must ponder the consequences of casting aside the multilateral trading system. If they take the wrong turn, they will doom the rest of the world's trading nations to a regime where bullies reign.

- Business Times (Singapore).

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### **OPINION**



# Europe's Reasons to Skip Bosnia Aren't All Bad

BRUSSELS — Europe has been getting a bad press. It often does, because the European Community is called upon to deal with political problems when it is not yet a political union; thus it tends to move with the agility and surefootedness of a pantomime horse. But on Bosnia its marginal action has reasons, histori-

cal, political and practical.

First, historical. Every Saturday a FrenchBelgian-German television channel, ARTE, airs extracts from newsreels of 50 years ago. Images of the Second Great European Civil War flicker on the screen. The French are solemnly advised to forget the profligacy of the Third Republic and listen respectfully to Marshal Petain. The British newsreefs, with their clipped accents, re-sound with calls like "I say, chaps, let's kick Rommel for six, and cracking good luck to you all." The German newsreels show German troops endlessly marching and singing - from Narvik, in northern Norway, to the gates of Cairo, from the Spanish frontier to the Caucasus. One medium European power had taken on, simultaneously, the British Empire, the United States and the Soviet Union - and it nearly won.

This fact remains as deep in the European consciousness as the Civil War was in the minds of Americans for a hundred years after Appomattox. If a German Panzer division had been mobilized for service in the Gulf, the same shock waves By Roy Denman

would have been sent as if the Southern states in the early 1900s had re-formed the Army of Northern Virginia and staged a great march-past in Richmond. History is about exorcising ghosts.

This one will keep German divisions from marching beyond German frontiers for years to come.

Political. An armed European intervention in the Balkans would mean the beginning of the end of separate European national foreign policies. For heads of government (let alone their foreign ministers) this would be a desperate deprivation: Foreign policy is the Demon Drink of government. One sip, and thoughts of grappling with municipal drainage or waste disposal fade away. A glamorous world is conjured up, a cocktail of jet travel, summit meetings, banquets in faraway places, television cameras and a hushed and waiting world. Few have proved immune.

Woodrow Wilson was an early victim. We all know about Richard Nixon and George Bush. Do not be so sure about Bill Clinton.

One day there will be a European union. But the day is not yet. First the resistance of a powerful trade union, HOGMINFA (Heads of Government and Ministers of Foreign Affairs) will have to be overcome. It will take years. Practical People in Western Europe have given up killing each other. In Eastern Europe they still do, continuing a millennial tradition. Those who suggest that troops from EC countries should be sent in in an attempt to stop the latest fighting should think of the consequences. At least 100,000 troops would be needed, for an indefi-

nite number of years — a European Vietnam.
Would West Europeans be prepared for the long casualty lists — sons with their brains blown out in a private Balkan quarrel — and for the extra taxes to pay for this major expedition?

As for "surgical air strikes," anyone who thinks that these can prove decisive in wooded, hilly country is living in fantasy land. It is, I think, not an unfair comment that few of those who strongly favor the large-scale use of Western troops have ever seen a rifle fired in action.

Beirut should have taught that factions in a tribal war will stop fighting only when exhansted, and that the one practical thing the West can do in the meantime is to offer humanitarian aid. If Europeans are besitant to march into what

was Yugoslavia and join in a tribal war, their hesitation is for several reasons, good and less good. Those who ignore them should remember what a British politician once said: When there is a great cry that something must be done, you can depend on it that something remarkably silly probably will be done.

International Herald Tribune.

# Asians Deserve Their Rights, Like Everyone Else

N EW YORK —For the last year, a group of Asian governments led by Singapore, Indonesia and China have been promoting, increasingly stridently, an "Asian concept" of hu-man rights in which political and civil liberties are subordinated to economic development. Now this attempt has been demolished.

The occasion was a meeting in Bangkok to prepare for a UN World Conference on Human Rights in June in Vienna. Delegates of some 40 March 29 to April 2 to read out position papers and prepare a joint statement for the Vienna conference. With Iran chairing the drafting

committee and all the major human rights violators of the region present. the whole exercise would have been surreal had it not been for the presence of more than 240 men and women representing 110 Asian nongovernmental organizations.

There were human rights lawyers from Pakistan and Sri Lanka; repre-

J ERUSALEM — Close relations have been established between the

Clinton administration and the gov-ernment of Prime Minister Yitzhak

Rabin, but some conservative Ameri-

can Jews, longtime friends of Israel,

are turning their backs. A few even advocate slashing U.S. aid to Israel.

They were happier with Prime Minister Yitzhak Shamir's approach

to peace talks. But it is not possible to be a friend of Israel and an enemy

Not everyone fully grasps the changes in the Middle East. Most

Arab states understand that Islamic

radicalism, not Zionism, is the ideo-

logy that endangers their stability. The new situation creates an oppor-

tunity for a new alliance of sane

countries against a common extremist threat. The introduction of weap-

ons of mass destruction has enhanced

the need to create an environment of

The Rabin government took upon

peace in order to prevent war.

of the peace process.

By Sidney Jones sentatives of indigenous peoples from Bangladesh and Nagaland along the

Indian-Burmese border; women's rights activists from India and the Philippines; Japanese, Thai, Indian and Korean civil liberties groups; en-vironmentalists from Malaysia; Buddhists and Baha'is; a group working on behalf of refugees from Bhutan and another for human rights in China.

No one had expected so many non-governmental organizations (NGOs) to be there; no one could have imagined that by precisely the democratic methods that their governments find "un-Asian," such a diverse group of people, most of whom had never met before, would organize into a single, well-coordinated lobby, choose leaders and hammer out a consensus declaration that refuted or contested every major premise of the "Asian concept" of human rights.

They effectively exposed the goveraments' line for what it is: a pre-

The Real Israel Sees a Different Future

By Ephraim Sneh

itself the mission of introducing Isra-

el to the changing world, to pursue in

earnest a peace agreement with its neighbors, first and foremost with the

Palestinians. It enjoys a clear parlia-

mentary majority, a mandate for three and a half more years.

Making peace under a brutal ter-

rorist offensive waged by fanatics is a

tough, complicated job. The friction

between Israelis and Palestinians re-

cently reached an unbearable intensi-

ty, and Israel had to take the emer-

gency measure of sealing off the

territories. (The presence of more

than 100 Israeli settlements in the West Bank and the Gaza Strip does

not make the situation any easier.)

beyond it a settlement of the conflict

is needed. It can be achieved only

through negotiations, and the time to talk is running out. The extrem-

Israel can cope with terrorism, but

text of largely authoritarian governments to justify their unchecked power in the name of meeting economic and social needs.

The head of the official Indonesian delegation asked rhetorically, "How can one express one's opinions freely if one is illiterate?" The NGOs retorted at a press conference that people did not have to know how to read and write to know that their bodies were being violated or their land taken away. The representatives of Sri Lan-kan organizations pointed out that high levels of literacy did not guarantee protection of human rights.

To the governments claim that

historical, cultural and economic differences must be taken into account. the organizations stressed the universality of human rights and stated that neither lack of resources nor cultural difference could justify abuses by governments.

To the official emphasis on the

ists among the Palestinians gain

strength every day, as long as no

delegations postponed the talks in Washington scheduled for this Tues-

day. The Palestinians and Arab coun-

tries are not doing Israel a favor by

negotiating; the process would bene-fit both sides of the conflict.

Israel insists on basic conditions:

With all its readiness to be flexible,

1. The unity of Jerusalem, the cap-

2. During the transition period,

the interim arrangement with the

Palestinians will be based on self-

government, not on a higher level of

Golan Heights will be based on Isra-

el's security requirements and de-pend on a revolutionary and pro-found change of relations between

4. The war against terrorism will

continue; the government has proved that, when necessary, harsh measures can be taken, regardless of

protests by friends and foes.

Peace and stability in Israel's vi-

cinity, and cooperation between the

moderate elements in the Middle East, serve interests of the United

States. Fortunately, the Clinton administration appreciates the fact that at a time when the window of

opportunity may be closing sooner than expected, Israel is led by a

Americans who criticize the Rabin

government do not understand that for Israel peace is not just another means, it is a supreme strategic goal. They may not have experienced the

horrors of war and the tough condi-

year-old paratrooper, was killed in southern Lebanon, near the Israeli

border. He was buried in the military

cemetery in Jerusalem beside the grave of his father, Meir, who was

The government is determined to try to break this tragic cycle, to pro-vide the next generation with a differ-ent future. Hard-line criticism from a

killed in the October 1973 war.

The other day, Moshe Bari, a 21-

pragmatic government.

tions of daily life in Israel.

It is unfortunate that the Arab

progress is achieved

ital of Israel.

sovereignty.

the two countries.

ments in the region too often used national security or the need to compolitical killings, arbitrary arrests and the stifling of free expression. The stress on law and order, the organizations said in their own Banokok Declaration, "is a facade for authori-

Not all the government state were self-serving. Japan, for example, rejected a theme common to many of those statements when its representative said: "My delegation does not accept the view that to express concern over grave violations of human rights in whatever country such abuses may occur is an interference in that country's internal affairs,"

ippines were generally constructive. It is no coincidence that they are fledgling democracies where the human rights movement played an important role in the transition from authoritarian rule. Nor is it a coincidence that the countries most adamant about the primacy of economic development are those in which alter-native voices are silenced or harassed.

The Bangkok meeting produced a joint governmental declaration that does little to promote human rights and much to undermine them. Was the whole exercise then another expen-

forced to recognize that their defini-tion of what is "Asian" is not necessarily shared by their own citizens, that economic growth is not the be-all and end-all for everyone in the region, and that Asians do not want their political and civil rights traded away in the name of development.

From the outset, Indonesia tried to set an Asia-versus-West tone, castigating "the tendency by a group of countries to arrogate to themselves the 3. A compromise with Syria on the role of judge and jury over other countries ... backed by the power of their biased media and single-minded NGOs." But as one after another of the Asian organizations spoke, it was clear that the real confrontation was Asia versus Asia, and that the Asian

> The writer, executive director of Asia Watch, attended the Bangkok meeting as an observer. She contributed this comment to the Herald Tribune

need for stability and security, the organizations responded that governbat terrorism as a justification for

tarianism and for the suppression of democratic aspirations.

Nepal, South Korea and the Phil-

sive, meaningless UN extravaganza? Absolutely not. Governments were

governments should take note.

# He Should **Shoot for** The Moon

By David S. Broder

WASHINGTON — Last year Darren Chase was a 29-yearold navy lieutenant with a fine record and a Pentagon assignment that promised a bright future. But he had a problem. "My friends and fellow a problem. "My menas and relow officers were good people," he recalled, "but there were thousands of us, spending every working hour defending our little piece of program and budget —and nobody was thinking about the country."

So he decided to leave the navy.

After hearing a radio broadcast fea-turing Paul Tsongas, the former Massachusetts senator and presidential candidate, Mr. Chase became a vol-unteer at the Concord Coalition. The organization was launched by Mr. Tsongas, a Democrat, and Warren Rudman, the former New Hampshire Republican senator, to build public support for strong measures to re-duce the federal budget deficit. Mr. Chase, now the paid Concord

Coalition organizer in Minnesota, asked the key question at last week's initial national policy forum held by the coalition here in Washington. Cutting through a fog of economic forecasts and analyses, he said: "Why don't we have a plan that gets the budget deficit to zero?"

President Bill Clinton, Mr. Chase noted, talks about how much he is cutting the deficit, and Congress says it is doing even more. But look at the numbers and the deficit is still slated to be \$212 billion four years from

ow — and then increase. So the central weakness in the new administration's economic battle plan becomes clear. "We need something out there that the public can under-stand," Robert Reischauer, head of the nonpartisan Congressional Budget Office, told the Concord meeting. "I doubt if the space program would have gone very far if President Kenne-dy had asked for the capacity to get a man 239,000 miles into space and back. We needed the moon."

Mr. Reischauer gave the relevant numbers: To wipe out the budget deficit in 10 years would require an additional \$48 billion of spending cuts and/or tax increases each year cuits and/or fax increases each year from now to 2003. To do it in five years would take \$12 billion a year more. In comparison, the five-year budget summit agreement of 1990 saved \$28 billion each year. Mr. Clinton is proposing \$20 billion a year — less than half what it would take to estiminate the deficit in a decade by eliminate the deficit in a decade, by Mr. Reischauer's estimate.

The president and his advisers argue that steeper cuts might tip a frag-ile recovery back into recession. That is a legitimate view, but it is disputed across the political spectrum. Mr. Reischauer said that a five- or 10year plan to eliminate the deficit one-half percent a year, but not enough to abort the recovery.

At the same meeting, Paul Volcker, the former Federal Reserve chairman and symbol of financial caution, said, "I do not lose sleep worrying that we may cut the deficit too much." And Charles Schultze, chief of the U.S. Bureau of Budget in the Carter administration and a Democratic partisan, called Mr. Clinton's cuts minin

Officially, the Clinton administration is pinning its hopes for addition-al deficit reduction on enactment of a health reform plan intended to cut fast-rising medical costs. But administration officials acknowledge that Mr. Schultze is right when he says that in the next five years, "even a highly successful health-care cost control initiative will not produce any significant net savings to be used for debt reduction," once the costs of providing health care for the millions now uninsured are included.

So there is no Clinton plan to eliminate the budget deficit. Instead, Mr. Clinton intends to join Ronald Reagan and George Bush as another of history's great budget-busters. He plans to add \$937 billion to the na-

tional debt in four years. Shrewd as he is, Mr. Clinton has been slow to understand that the public is ready to accept tough measures to stop deficit spending. In New Hampshire more than a year ago, he thought he had to sugarcoat the mes-sage by promising a middle-class ax cut - and was outflanked by Mr. Tsongas. Last fall, he was outflanked again on the deficit issue by Ross Perot. And now he is showing less courage on this issue than Congress is. He is leaving Darren Chase's question unanswered and denying himself the stature of bold leadership that

John Kennedy acquired when he said, "I think we should go to the moon." In years to come, he and the nation will see this as an opportunity lost. The Washington Post.

### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1893: Labor Party Power

BRUSSELS — The promptness with which about 125,000 Belgian strikers returned to work on the issue of the Labor party manifesto allowing them to do so has excited great surprise. It shows the wonderful discipline of the party and that it is within the power of its laborate to some the surprise. of its leaders to cause a revolutionary of its leasers to cause a revolutionary outbreak whenever they wish. The Labor party, having thus become master of the situation, may seek to push its victory further and begin agitating for absolute universal suffrage.

1918: The German View BALE - Through the German spectacle Paris is having a very bad time at the hands of "Bertha." The Kölnische Zeitung says: "Although it is fortid-den for all persons entering Switzer-land from France to open their mouths concerning the bombardment of Paris, all reports are unanimous in stating that life has become practically impossible. Shells have damaged the

centre of the city. Traffic is complete by paralyzed. After a shell had fallen on the Church of Saint-Eustache, the great glass hall of the Grand Hotel, Place de l'Opéra, was reduced to splinters, while banks in the rue Laffitte hous been descended? fitte have been destroyed."

1943: Moonlight Assault ALLIED HEADQUARTERS IN NORTH AFRICA - From our New York edition:] Veteran infantry troops of General Sir Bernard L. Montgomery's British 8th Army began an assault on the Axis Enfidaville line late last night [April 19] resuming the of-fensive which has carried them all the way across North Africa from Egypt to northern Tunisia. The attack, which began in bright moonlight — a favor-ite tactic of Montgomery — was launched on the eve of Filter Adolf Hitler's fifty-fourth birthday and marked the beginning of the last phase of the North African campaign. As usual, the 8th Army's move was proceeded by a sharing a street of the North African campaign. ceded by a shattering artillery barrage.



The Sign of the Cult

safe distance of 6,000 miles will not change the situation. The writer, a former head of the civil administration in the West Bank, is a Labor member of the Knesset. He contributed this comment to The New

### **OPINION**

# Back to My College for a Reunion, as It Turned Out

N EW YORK —This is a letter of thanks, to about a dozen students, for bringing me together again with my college after a separation that I felt within me but about which I preferred not to speak.

I write it publicly because City College is important to generations of New Yorkers. It gave us the chance to grasp what we could never otherwise attain: life work that ful-

filled our desires and our capacities. The tuition then was free, which was only a little more than I could afford. Years later

### ON MY MIND

when I heard my sons and their high school classmates discuss which Ivy League school they might grace, I knew that they, too, were beneficiaries of CCNY. They could not have

gone to other schools had not City College once been open to people without money. But when my colleague Arthur Gelb, pres-ident of The New York Times Foundation. suggested that we visit the college I heatat-

ed. The reason had to do with anti-Semitism. For Jews, except those who have hidden their fears and anger so deep that only God can find them, anti-Semitism can neither be By A. M. Rosenthal

accepted, glossed over nor rationalized, not from white, not from black, not friend not stranger, not anymore.

The distancing had a face — Leonard

Jeffries. He is a black professor who spreads
anti-Jew paranoia among blacks. He was

Men we did talk of Professor Jeffries chairman of the African-American studies department until he was appropriately removed by the college from the chairmanship, although not the classroom. He is now ship, although not the classroom. He is now suing the college. In my time, City was almost entirely white and largely Jewish. Whites began to apply elsewhere when it became an open-admissions school, shrinking the value of its degrees.

Now that has changed, because it takes a B high school average, a place in the top third of the senior class or decent SAT scores to get in. This word apparently has not got

to get in. This word apparently has not got back to whites, so City College is largely black, Latin and Asian, and smart.

Progress! Students now have to pay annual tuition of \$2,500. That is one big pile nual tuition of \$2,500. That is one big pile city, bringing together scholars, students of money if you happen to possess zero and community to work on racial and ethnic opportunities, not just problems.

it. The feeling of separation and I express my thanks.

The New York I

- and from jobs before and after class.

When I talked with the students — all shades - for a time we did not mention religion or color. We talked of what they dreamed City would give them - not self-worth, because they had that, but a good job,

I discovered that while I thought of him as a significant nasty, to them he was a swift pain in the neck. They did not like him or follow him. One student from Jamaica said she could not understand why anybody would want to wound other people so deeply. (I thought: Her good heart never will.) But they worried that he and the attention paid to him had damaged the school's reputation — one more obstacle for them to overcome. Some are taking courses at City College's Center for Conflict Resolution, headed by the sociologist William B. Helmreich and Frank Terrell, director of legal education and urban policy. If funded decently, it could be a new intellectual tool for the whole

about anti-Semitism on any campus. Not likely; Jewish students around the country tell me they are harassed by followers of the Jeffrieses and the Louis Farrakhans.

Now I read that in Winston-Salem, North Carolina, Mr. Farrakhan played Mendelssohn on the violin, to make nice to the Jews. That will be topped as a sick toke only when David Duke and Pat Buchanan sing "My Yiddishe Mama" at Harvard.

But when I spoke with the students, it flooded back — how it hurt us when the press routinely called City the red school. There were a handful of Communists on campus and a few radishes - red outside, white inside. The rest of us focused on work, at college and in the subway to and from the old Gothic campus in Harlem.

And we worried about the cruel labeling

of the whole college as red. Again, to the ear, between us then and the students now, not one note of difference.

It is just a story about one day at a no great thing. But I think about it. The feeling of separation has softened, The New York Times.

### LETTERS TO THE EDITOR

### The Lie of 'Cleansing'

Given that the term "ethnic cleansing" is a euphemism convenient to those who are perpetrating massacre, mutilation, racial segrega-tion and piracy in Bosnia, it is indefensible for anyone who opposes these acts to use the term unqualified. Yet politicians, radio and television announcers, reporters and others in the news media constantly refer to "ethnic cleansing" without so much as a "so-called."

What is happening in Bosnia has nothing to do with cleansing, and it is an affront to humanity to lend credence to the Serbs by the repetition of so insidious a term. At least lution" had a certain frankness about it. But if we did not learn from Hitler that a lie told often enough will eventually be believed, what did we learn?

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محل الفرز. تابع المستعدد

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JOSEF ESSBERGER. Paris.

### **Leave Them Powerless**

Intervention in the Bosnian debacle need not be in the Vietnam mode or the Iraqi mode, and certainly not in the Dresden firestorm mode. U.S. intelligence satellites must have pinpointed major nodes of the electrical production and distribution network: transformer yards, power plants, dams. These could be attacked with terrain-following missiles (Tomahawks) or, at some slight risk to American per-sonnel, with more economical in-

telligent" bombs. We know that claims of surgical precision are overblown. But the lraci record shows that some mis-siles and bombs did indeed pinpoint targets. Airport runways and railroad switchyards can be repaired overnight. But the trans- nia-Herzegovina.

formers and turbine-generator sets that would be destroyed in attacks nity hesitate in taking such con- cross, for 2,000 years the symbol of on the power system are irreplace-

Cheserex, Switzerland.

### Skinheads in Warsaw

Regarding the report "In War-saw, a Grim Reminder" (April 9): This is indeed a grim reminder of Polish reality: Scores of bystanders spontaneously siding with skinheads shouting anti-Semitic slopans at the 50th anniversary of the Warsaw ghetto uprising.

Anti-Semitism remains a gold mine for political and religious opportunists in Poland. Few Polish opinion leaders have had the courage to risk unpopularity by putting their own houses in order; this includes, unfortunately, the

DAVID HIRSCHBERG. Hoeilaart, Belgium.

### Pakistan Has Acted

Regarding "Muslims' Guilty Si-lence" (Letters, April 14) from Leila A. W. Rustom:

I must point out that the government of Pakistan has been among the foremost in bringing the issue of Bosnia to the notice of international forums: the United Nations Security Council, the Organization of Islamic Conference, the Nonaligned Movement.

Pakistan has also assisted the government of Bosnia-Herzegovi-na with a \$10 million grant, a \$20 million credit and additional humanitarian aid, and it has How long will the world commu- found to trivialize. One such is the

ABDUL HAFIZ KARDAR, Ambassador of Pakistan to Switzerland. Bern.

# For Arab Democracy

A. M. Rosenthal's apparent concern for democracy in the Arab world ("When Will Arabs Revolt Against Cruelty at Home?" Opinion, April 14) is commendable. His expression of such sentiments would sound more credible if he were to call for an immediate lifting of Israel's oppressive occupation of Arab territories, to allow those Ar-abs the opportunity to establish a free society based on "genuine par-liamentary process, religious freedom and democratic restraints."

His blind support for Kanan Ma-kiya, an exoled Iraqi architect, in Mr. Makiya's attack on Edward Said sounds even more hollow. Mr. Said is an outspoken critic of Saddam Hussein's dictatorship and of his odious invasion of Kuwait. Mr. Said is known for his advocacy of democracy, secularism and toler-ance in the Arab world. Parroting Mr. Makiya's sinister attacks on Mr. Said does more harm to Mr. Rosenthal's credibility than to Mr. Said's unassailable record of support for democracy and human rights, and for an enlightened, humanistic and compassionate intercourse between Islam and the West.

### Sign of the Cross

with cross" (Features, April 6): Some symbols represent human unstable region? Why does this is

GEORGE T. ABED.

Geneva.

self-sacrifice, redemption, hope and an ethic of love and mercy.

Whatever we feel about religion in general, Christianity in particular, or the abuses of those who claim but who do not practice Christianity, the trivialization of this symbol degrades all of us - our culture. our values, our history. When a fashion designer reduces the cross to an accessory in this year's "monk look," we owe it to ourselves to shop elsewhere.

KATHERINE CLARK. Heidelberg, Germany.

### Less CIA, Not More

Many American presidents have had an unhealthy addiction for the CIA, but with all of Bill Clinton's emphasis on domestic affairs, we now read that the "White House Wants Bigger '94 Intelligence Budget" (April 16), beyond the record \$20 billion of last year. This is not an agency with a record of success but largely of failure, notably the surprise downfall of the Soviet Communist system.

As the founder of and honorary president of Democrats Abroad, I protest this proposal.

ALFRED E. DAVIDSON.

### By Any Other Name

By encouraging the establishment in the Balkans of another pseudo-nation, that of "Macedonia." which claims to have an op-Regarding the caption, "Donna karm's cardigan over flecked tweed, Greece's allies setting the stage for future conflict in this historically

Why does this new state insist on

the name and symbols of ancient Macedonia, an empire that ceased to exist in 168 B.C., when it became Roman province? True, after World War II it was called the Republic of Macedonia. within Yugoslavia. But Macedonia is a name used to designate the northern region of Greece as well. More than half of the ancient territory of Macedonia lies within the borders of modern Greece.

The former Yugoslav republic that now searches for a name and identity should be strongly encouraged to choose something less divisive and provocative to its neighbor, and then to get on quickly with the truly important matter of running a modern and hopefully

> CATHY HAINES. Marousi, Greece.

# Addio Italia, Hello Real World

### By Brandon Mitchener

MILAN - At the beginning of the century, droves of disenchanted Italians left Europe in pursuit of happiness in the New World. The phrase was "fare l'americano." doing it the American way. In the 1960s, people left italy to quit a decadent civilization and seek freedom and

### MEANWHILE

fulfillment, like Saul Bellow's "Henderson the Rain King," in

far-flung, primitive paradises. By the end of the booming 1980s, the notion of "cambiar vita," or starting over in life, had been relegated to the tea talk of eccentrics. Italy was still, after all, the belpuese and land of la dolce vita, no matter how corrupt its government. The weekly newsmagazine L'Espresso, in a cover story on starting over more than a year ago, describeda nation that was perhaps too well off for its own good.

"The desire is rising to break with the daily routine," the fea-ture article began, calling a re-vival of the cambiare vita movement "a rebellion against guaranteed prosperity, and boredom," But a survey showed that 80 percent of Italians had never entertained the notion of leaving the country.

Today, as Italy sinks deeper

into a quicksand of kickback scandals that has shocked even the most cynical observers, the tables have again turned. Jump-ing ship is not only thinkable, it is downright in vogue. "Italy is not a belpaese any more, it is becoming hell," said one Italian journalist, describing a country where post offices run out of stamps, cigarette smokers were recently left smokeless by a twomonth strike by distributors, and driver's licenses have to be renewed every year, for a stiff fee, of course. Not to mention the Mafia ...

Gente Money, a business mag-azine, led its March issue with the common man's answer to the circumstances: "Addio Italia! 10 Countries Where You Live Better." (they ranged from France to Mexico). The economic crisis. unemployment, political collapse and the degradation of public morals had left the majority of the population exasperated enough to contemplate packing their bags, the magazine said. Those thinking of moving abroad, it said. "have lost faith in Italy, but not in themselves. They

for utopia, just a place to live better and, above all to work in peace." So it was perhaps inevitable that the dump-Italy movement would get its own flagship: Gulliver, a thick, slick, handy new guide to starting over.

are people who are not looking

The magazine documents available options from the practical to the possible, and does it with a certain gallows humor that leaves the reader thinking how ridiculous the situation would be if it were not so serious.

Gulliver combines National Geographic-style pictures, fold-out diagrams and maps, and a global yellow-pages section economic development services, specialty school admissions offices and adventure travel groups.

The first cover story, titled "Canada, Why Not?". describes Quebec, "the most Latin of North America's regions," as one of many places an Italian with a bit of money could start a new life. "To be received with a red carpet in Canada you don't need

billionaire," just a little venture capital to buy the title of immigrant investor. A box describes the local real estate market, and illustrations depict three homes costing a fraction of what they would in Italy. The message is clear. This is real, and not even

that hard to obtain. Other proposals: Join Britain's coast guard, the famous Royal National Lifeboat Institution, and become an everyday hero. Join the volunteer corps of the United Nations. On the travel front, skip the Azores this year and vacation in the remote Maramures region along the Hungarian-Romanian border: maybe you'll like it enough to stay.

Luca Grandon, the editor in chief, insists that Gulliver's mission is not to give readers vicarious thrills but to communicate the ease with which they could leave Italy and start over.

"How many times," he wrote in the magazine's inaugural is-sue, "have you heard friends at the university or at work say, 'Italy constricts me. I want to go somewhere where there is a higher quality of life, better schools, better services, and above all better perspectives for the future?"

Probably the cruelest joke played on desperate members of the new emigrant generation. meanwhile, is that the crash of the Italian economy -- and currency — has made it almost im-possible for ordinary citizens to contemplate leaving. Just as Gulliver dangles lucrative prospects before their eyes, the free-fall of the lira has rendered Croatia one of the few affordable places to take a vacation, let alone start a new life. Gulliver itself, at 6,500 lire (about \$4) an issue, is an affordable down-payment. International Herald Tribune

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Slumping Sales Push IBM To a Loss of \$285 Million A SECTION OF SECTIONS

ARMONK, New York - IBM said Tuesday it had a loss of \$285 million in the first quarter as revenue feil a stenning 7 percent, reflecting poor demand for its core products in slumping

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But industry analysis said the results were in line with expectations, and that the benefits of International Business Machines Corp.'s recent restructuring were already becoming evident. The deficit was in marked contrast to IBM's

profit of \$642 million before one-time gains of \$1.9 billion in the year-earlier quarter. Revenue tumbled to to \$13.1 billion, from \$14 billion in the 1992 quarter. IBM, which derives nearly two-thirds of its sales overseas, said reve-

nue fell slightly in the United States and Asia while dropping 13.8 percent in Europe. IBM's new chairman, Louis V. Gerstner Jr., installed last month as the first outside chief of the world's largest computer maker after it posted record losses last year, saw a mixed outlook for the company he was hired to turn around. "These results reflect weak demand and con-

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hardware product lines, particularly mainframe computers and large disk drives," he said. But he added that demand for the company's personal computers, workstations and service businesses remained strong.

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IBM said its maintenance business sales were

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off 5.1 percent to \$1.8 billion, but revenue from other services rose 48 percent to \$1.9 billion.

It said total hardware sales fell 19.4 percent to \$5.74 billion, while software revenue rose 1.1 percent to \$2.52 billion,

White mainframe sales fell significantly, IBM said it "took aggressive actions" to bolster competitiveness. The company unveiled 18 mainframe models and announced plans to introduce microprocessor-based systems later

Analysts said that IBM's recent restructuring was finally starting to show some benefits, with lower operating costs.

"Cost controls were excellent," said Cliff Friedman, a Bear Stearns analyst. "That is the benefit of the restructuring."

IBM has cut about 80.000 jobs in the last two

years, and plans to eliminate more than 25,000 jobs in 1993. The reductions have been achieved through voluntary buyouts and, as of last month, some layoffs.

IBM took more than \$11 billion in accounting charges last year to pay for the job reductions. The charges were largely to blame for an annual loss of nearly \$5 billion, but IBM's operations also slumped badly, with the companyone in the latest the form to be started in factors and the started form to be started in factors and the started form to be started in factors and the started form to be started in factors and the started form to be started in factors and the started form to be started in factors and the started in the started form to be started in the started in ny posting its first-ever loss from operations in the last three months of 1992. The annual loss was IBM's second in a row.

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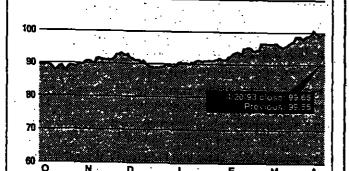
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International Herald Tribune, Wednesday, April 21, 1993



International Herald Tribune World Stock Index C, composed of 230 internationally investable stocks from 20 countries. compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in: Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Morway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

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Utilities	113.50	112.84	+0.58	Raw Materials	101.90	102.00	-0.10	
Finance	99.52	99.37	+0.15	Consumer Goods	87.18	86.39	+0.91	
Services	110.54	111.16	-0.56	Miscellaneous	101.22	101:27	-0.05	

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# **MEDIA MARKETS**

### The Last Word in Video Is Soon to Be the Viewer's

By Richard Covington

ANNES - If the prophets of interactive television have their way, viewers around the world will soon be getting the long-awaited opportunity to talk back to the tube.

Already you can manipulate the story line of a scap opera, pick what level of exercise class you want, or play along with game shows like "Wheel of Fortune" and "Jeopardy."

Interactive widee, the latest buzz trend of this week's

In Spain, 100,000

hooked up for

households are already

MIP-TV global television market in Cannes, promises to be-come a 56 billion business in 10 years, when an estimated 25 million users will be wired for par-

ticipation.
The public is getting the mistaken impression that interactive television.

tive television is something

that's five years away," com-plained Jack Galmiche, chief executive officer of Interactive Systems, an Oregon company. "But this is totally wrong. It's here

On Spain's TVE public broadcast station, for instance, 100,000 households have hooked up since January to Interactive Systems' Telepick service, enabling them to participate in quiz shows, phone in for redeemable coupons, catch up on soap operas they mis engage in heated arguments with other participants on a talk show.

The Benefux countries go on line in April; Germany, Switzerland, and Scandinavia are scheduled for hook-up by the end of the year, with the United States, Australia and New Zealand to be added in 1994. To pick up the service, viewers make a one-time purchase of a \$250 box that deciphers an encoded signal.

Telepick has caught the imagination of the Nielsen ratings service, which is measuring the exact participation of viewers via the box. "Through this system, we can tell advertisers not simply the box." how many were watching a particular program, but how many picked up the phone and ordered coupons," explained Kenneth

Berkleef, an executive of Interactive Sys Every company puts its own spin on the theme. What passes for interactive TV can be little more than quicker channel access; or it can mean state-of-the-art technology that virtually allows the

iewer to dive into the screen.

Where Telepick enables viewers to interact with existing broad-See INTERACT, Page 11

# U.S. Lifts Free-Trade Veil

### Clinton's Japan Policy Stresses Results

By James Sterngold New York Times Service

TOKYO - Combative American pronouncements on trade have hit the Japanese government like a series of earthquakes, leaving officials in Tokyo furning over the insistent demands that Japan reduce its yawning

trade surplus quickly.

Some have charged the U.S. administration has reversed years of America's commit-ment to free trade. But the real concern among some trade specialists is not that the policy itself is new; it is the assertive new way President Bill Clinton is using old techniques of managed trade that were accepted when

they were employed by his predecessors.

As one of its trade initiatives, Mr. Clinton's dministration has pushed for the devaluation of the dollar against the yen. This is expected to reduce America's trade imbalance by making Japanese goods more expensive in the United States and American prod-

ucts cheaper in Japan.

The dollar has already plummeted in value against the yen and is trading at post-World

American officials have also suggested that Japan set targets for the import of U.S. goods over a period of years and specific reductions Mr. Clinton, Treasury Secretary Lloyd Bentsen and Secretary of State Warren M. Christopher have made it clear recently that any Japanese response will have to go beyond the sort of one-shot measures frequently accepted in the past. U.S. officials have insisted they also want the Japanese to purchase hightechnology American goods, not just more

agricultural products.

Government officials in Tokyo agree with the need to strengthen the yen — if more slowly than the current rate of increase. But just about every Japanese official from the prime minister down has insisted Japan would never agree to specific targets guaranteeing U.S. exporters a share of Japanese markets.

The key element of the Japanese defense has been to brand this "results-oriented" policy a form of managed trade, which violates free-trade principles.

The issue is, however, more complex than it

Under Mr. Clinton's two immediate predecessors, Ronald Reagan and George Bush, the United States pledged fidelity to free trade. But although they eschewed any government controls in principle, they did in fact agree to managed-trade deals, saying they did so reluc-tantly. Mr. Clinton's administration, however, unabashedly seized upon managed trade

# The Dollar's Slide 115 Yen per doller 105

as a tool to pry open the Japanese market to achieve lasting, fundamental change. The Japanese expressions for these differences between rhetoric and reality are tatemae, which is one's surface meaning, and

honne, which is one's underlying intention.
"Clearly, the difference is that in the previous administration tatemae and honne were different," said Makoto Kuroda, a former trade negotiator and now a managing direc-tor at Mitsubishi Corp. "Now the honne has come to the surface. Clinton is writing his policies on a line that already existed In fact, the United States has enforced

See TRADE, Page 13

# Citicorp Awakens From Moribund State

By Lawrence Malkin

nal Herald Tribune

NEW YORK - Declared virtually dead two years ago, Citicorp on Tuesday pronounced itself on the way to recovery and a return to competition as a global bank, virtually the only big American bank still fighting for a share of the international market,

"Our competitors have pulled back, and we have maintained our presence around the world," said Chairman John S. Reed in announcing an increase in first-quarter earnings and an improvement in U.S. commercial real estate, confirming the pattern that has been set by the American banking industry in quarterly

reports during the past week.

Citicorp, the largest U.S. banking company measured by assets, reported operating earnings of \$370 million for the first quarter, approximately double last year's first-quarter profit. Net income per share was \$1.24, compared with 34 cents a year ago, and the money went not to stockholders—the bank has halted its dividends - but to continue rebuilding the bank's capital. Earnings were increased an additional 5200 million by a one-time recalculation of income taxes applying to all banks.

Commercial real estate losses — the difference

between profit and loss in Citi's home territory of North America -also were more than halved, to \$202 million from \$462 million. Citicorp disclosed that this year it sold \$125 million in foreclosed real estate, recouping 67 cents on the dollar from the properties' original value. By comparison, Chase Manhattan Corp. on

Monday said it was setting aside \$2 billion to write off its bad real estate loans and expected to receive only 39 cents on the dollar by dumping the foreclosed buildings onto a weak market.
Improved first-quarter earnings were also announced Tuesday by other major banks. The earnings of Chemical Bank, rose to \$1.35 a share from \$1.00 last year, and Banc One of Ohio, one of the so-called super-regionals stretching across the Midwest, increased earn-

ings per share to \$1.03 from 64 cents. Banks like these have adopted a different strategy from Citicorp's in focusing on domestic expansion as the strong merged with the weak and hope for looser controls over inter-state banking should Congress overhaul U.S. financial laws.

The others are exploiting consolidation in the United States," said James McDermott of Keefe, Bruyette & Woods, a firm specializing in analyzing bank stocks. "Citibank wants to fight for

business abroad on the basis of its international network, which was never dismantled and would

be very expensive for other banks to build up."

Thomas Jones, Citicorp's chief financial officer, confirmed this strategy in explaining the bank's credit losses, which have declined steadily for the past year and a half. "Our credit problem is really our real estate and the soft economy," he said. "The problem is to work through this and maintain our international franchis

Two years ago, Representative John Dingell, a Michigan Democrat, claimed Citicorp was bankrupt; regulators are widely believed to have winked at the bank's own valuations to keep it affoat. Now, Mr. Reed told stockholders at the annual meeting, "we will return to more normal operations and use this year to complete our recovery."

Aside from J.P. Morgan & Co., which is

increasingly coming to resemble an investment bank concentrating on corporate financing for blue-chip customers and a large trading business, few American banks would be equipped to match Citicorp in the international arena if it. continues to climb out of the hole of commer-

See BANK, Page 11

# EC and U.S. Fail To Agree, Extend Talks for a Day

WASHINGTON -- The European Community and the United States failed Tuesday to reach agreement in last-ditch talks over a trade dispute centering on public contracts, but said they would con- tion might take. tinue talking for one more day.

The U.S. trade representative, Mickey Kantor, and Sir Leon Brit-tan, the top EC trade negotiator, told reporters after two days of talks that they would continue their discussions in a telephone conversation on Wednesday, when Sir Leon returns to Brussels.

"We have not reached agreement," Mr. Kantor said. "It would be wrong to assume it's just a case of finishing touches," Sir Leon said.

The problem stems from the EC's Utilities Directive, which requires EC governments to accept European bids on contracts even if they are as much as 3 percent higher than bids from foreign compa-nies. Europeans counter that their companies face worse barriers in the United States.

In retaliation, the United States threatened to ban EC companies from bidding on public contracts in the United States. The ban, origi-nally to take effect late last month, was postponed because of this week's negotiations.

Mr. Kantor said sanctions would go ahead as scheduled on Thursday unless both sides bridged their dif ferences over foreign access to govrnment contracts.

"It's going to require another conversation if we're going to reach reement but we may not do so.' Mr. Kantor said. "We have some elements of agreement and some elements of disagreement."
As for sanctions, Mr. Kantor said: "We will make that decision

based upon what happens tomorwhen Sir Leon will speak to Mr. Kantor by phone from Brussels. The dollar amounts involved in the disputes are relatively small but the disagreement has underlined European concerns that the administration of President Bill Clinton

will take an aggressive stance in defending its trade interests.

in turn, have warned Washington they will not be bullied into submission and have counter-strikes of their own ready to launch. They would not say what form retalia-

Fallure to reach a compromise in the dispute raises the specter of a dangerous trade war at a time when more commerce could help counter the global economic slowdown.

Sir Leon and Mr. Kantor said their talks made further progress on issues that are hampering conclusion of the talks under the General Agreement on Tariffs and Trade.

We have added real momentum to the Uruguay Round" of talks, Sir Leon said.

There is always going to be a certain small percentage of dis-putes" between the United States and the Community, Mr. Kantor said. "That should not affect the larger questions we have, such as the Uruguay Round."

Sir Leon agreed. The conflicts between the United States and the EC "pale into insignificance compared with the opportunities provided to them by the GATT's Uru-guay Round," he said.

However, he was not as confident that other European nations would be accomodating in the face

### (Knight-Ridder, Reuters, Bloomberg) ■ Japan-EC Monitoring

Japan and the European Community agreed Tuesday to monitor the impact of Japan's recent economic-stimulation package to see if it heightened demand for European imports, a European official said, Agence France-Presse report-

Horst Krenzler, director genera for external relations of the EC Commission, said Europe was "not very confident" that Tokyo's \$120 billion stimulus package, adopted last week, would boost Japan's domestic demand enough to spill over into extra import orders, because it contained no tax cuts that would be likely to boost consumption.

# Waigel to Attali: Time to Cut Costs

BONN - The European Development has agreed to tighten control over its finances after criticism of its lavish spending on itself, Finance Minister Theo Waigel of Ger-

many said Tuesday. Mr. Waigel, the current chair-man of the London-based bank's board of governors, gave a lecture to Jacques Attali, the bank's president, on the need to control costs and said the bank's image had been damaged.

But he also said after their neeting in Bonn that some of the press criticism of the bank's spending on staff and head-quarters had been unjustified and that a final verdict on its behavior would have to await reports by internal and external

A statement from the German ministry said the bank's directors had agreed Monday to improve transparency and the control functions of the directors and to launch a review of spending by the bank's audit committee in which external auditors would participate.

"I am satisfied that there will be greater transparency and that the directorate and external bodies will get involved," Mr. Waigel told reporters. Mr.

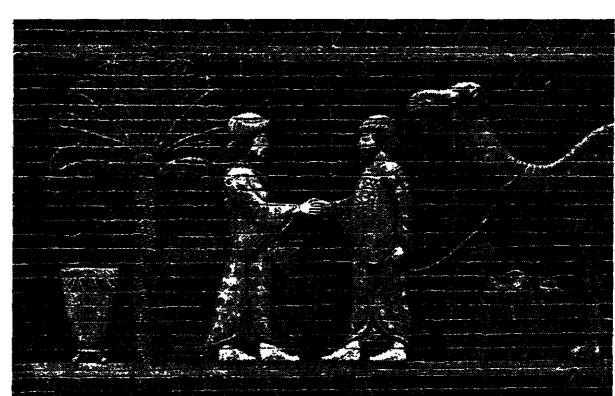
It was reported last week that the bank had given £101 million (\$155 million) in investment capital and loans to the former communist countries of Eastern Europe since it was set up in 1991, but spent twice as much on its own running costs and headquarters. Lavish spending on marble for the entrance hall of its headquarters, its staff Christmas party and the use of private jets were singled out.

"President Attali gave assurances that he supported without reservation the decision of the executive directorate, that all ssary information would be made available and that he would do everything to ensure the implementation of the agreed measures and work towards cost-conscious spending by the bank," the Finance Min-istry's statement added.

Mr. Waigel defended the bank against some of the at-tacks. "I consider the criticism of the start-up costs and what the bank has set in motion so far to be unjustified," he said.

There was agreement," said the Finance Ministry's statement, that the bank "has pansion of its activities despite rapidly changing political and economic conditions."

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t was the ancient traders who first established many of today's banking practices. They accepted funds for safekeeping. Bartered goods for services. And extended credit. It was a business based on trust, and a handshake contract was binding.

The world has changed immeasurably since then, but Republic National Bank still holds to the principles

established nearly four millennia ago.

We believe in the primacy

of personal relationships, the importance of trust and the protection of depositors' funds. This emphasis has made us one of the world's leading private banks.

As a subsidiary of Safra Republic Holdings S.A. and an affiliate of Republic New York Corporation, we're part of a global group with

more than US\$4 billion in capital and US\$46 billion in assets. These assets continue to grow substantially, a testament to the group's strong balance sheet, riskaverse orientation and century-old heritage.

Though cuneiform tablets have given way to modern computers, the timeless qualities of safety, service and personal integrity will always be at the heart of our bank.

# REPUBLIC NATIONAL BANK OF NEW YORK (SUISSE) SA



NEAD OFFICE GENEVA 1204 - 2, PLACE DU LAC - TEL 1022 ; 705 55 55 - FOREX. 1022 ; 705 55 50 AND GENEVA 1201 - 2. RUE DR. ALFRED-VINCENT (CORNER 

**CURRENCY & INTEREST RATES** 

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# **Economy Weighs On Stock Market**

NEW YORK - Wall Street stocks dropped for the second 9/32 point, to 104 26/32. That sent straight day on Tuesday as investors scaled back optimism about corporate earnings and economic growth. The Dow Jones industrial average lost 23.50 points, to 3,443.49. The blue-chip indicator has fallen from

the record 3,478.61 set on Friday. Declining issues on the New York Stock Exchange outnumbered advancing issues by a 2-to-1 ratio.

Bank and airline issues suffered

sharp falls. The financial-services sector was reacting to a rise in in-terest rates, while fears of an air fare price war depressed the Dow transportation average a sharp 22.16 points, to 1,645.01.

of first-quarter profit reports had been satisfactory, many of those that have disappointed, causing an-

become disasters. Moreover, companies showing

Kmart convinced many investors to cash in on recent gains. The 30-year Treasury bond fell its yield up to 6.75 percent, which

has been acting as a magnet for the bond's rate of return in recent days, from 6.72 percent on Monday. Short-term securities seem unlikely to rally without an interest-rate cut by the Federal Reserve Board. Steven Saslow, executive managing director of Carroll McEntee &

where's it going to go?" A government report that housing starts fell a larger-than-expected 4.6 percent in March was discounted in the bond market as weather-related.

McGinley, said the 3.75 percent

yield on two-year notes could not fall far. "Without another rate cut,

TIG Holdings, a TransAmerica property-and-casualty insurance subsidiary, was the most-active is-On the earnings front, traders subsidiary, was the most-active is-pointed out that although the bulk sue on the New York Stock Exchange, rising to 24% from its 22% initial public offering price.

Intel led the over-the-counter acalysts to lower expectations, have tives, up 31/4 to 101. It had fallen in response to a court ruling that allowed the rival Advanced Micro earnings shortfalls have generally been sold more readily than those reporting better-than-expected results have been bought traders said.

Devices to begin selling a copy of Intel's most popular computer chip. Dean Witter Reynolds said Monday the fall was overdone. Disappointing results from such AMD fell % to 27% on the New leading companies as Philip Morris, Chemical Waste Management and berg, UPI, Knight-Ridder)

### YEN: Tokyo Unnerved by Surge

(Continued from page 1) index fell a moderate 283.91 points to 19,828.43. That appeared to be the source of the alarm in the gov-

Prime Minister Kiichi Miyazawa tried to sound an aggressive note larly Mr. Mieno, who also sought when he commented to reporters to influence traders by offering his Tuesday that "it's time to intervene" in the market by having the central bank sell yen and buy dol-lars. He said that the yen's rise had

been "too rapid."
Yasushi Mieno, governor of the Bank of Japan, warned in a speech

### Foreign Exchange

whose goods are now much more expensive for overseas consumers

with dollars to spend.
One factor behind the acceleration in the yen's rise was a remark by President Bill Clinton last Friday after a meeting in Washington with Mr. Miyazawa. He characterized the Japanese currency's appreciation as a positive trend to rein in Japan's huge trade surplus, which could reach \$150 billion this year.

Japanese government officials have continuously said that they are not opposed to a gradual increase in the value of the yen

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**WORLD STOCK MARKETS** 

resort to about the only tool they have at the moment: verbal assaults on the foreign exchange mar-

Mr. Miyazawa and Mr. Mieno were apparently attempting to do that with their comments, particuown analysis of what President Clinton meant by his remark on

■ Dollar Falls Against Mark Concern about the U.S. adminis-

tration's intentions spilled over into Deutsche mark trading, pushing the dollar as low as 1.5838 DM, that the rise could have a "massive impact" on Japanese exporters, closed at 1.5969 DM, down from 1.5982 DM on Monday.

"It looks like Clinton is comfortable with a weaker dollar across the board," said Carl Amendola of Bayerische Hypotheken- & Wechsel-Bank in New York.

A larger-than-expected decline in U.S. housing starts fueled the dollar's slump against the mark, traders said. The U.S. currency recovered somewhat after investors reassessed the drop, most of which was caused by late winter storms.

The pound rose to \$1.5475, from \$1.5418 on Monday. The dollar slipped to 5.3925 French francs, against the dollar. The swiftness of the latest rise is what has unnerved the officials and forced them to

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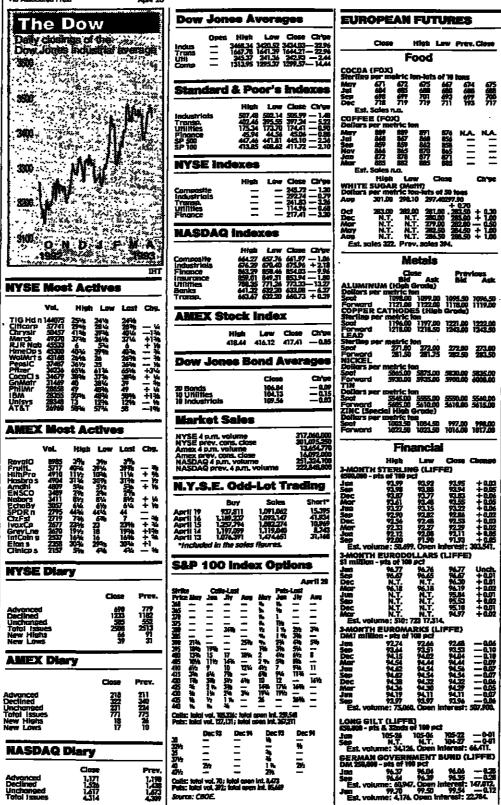
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# **Bentsen Cites Tax Savings**

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billion in 1997, the first year it is fully phased in, he said.

for the Senate Finance Committee.

rates and thus capital costs," Mr. Bentsen said. Even with the energy tax in place, U.S. energy costs would be the lowest among the Group of Seven countries, he added.

# U.S./AT THE CLOSE

Sears Posts Record \$435 Million Net CHICAGO (AP) — Sears, Roebuck & Co. reported Tuesday its best first-quarter results ever, a \$435 million profit due in part to cost cuts in its retailing division.

its refailing division.

The profit compared with a loss of \$1.6 billion in the first quarter of 1992. Year-ago results were adversely affected by a \$1.9 billion charge from an accounting change. Excluding that item, earnings for the first quarter of 1992 totaled \$274.2 million. Sears said sales fell nearly 5 percent, to \$11.3 billion from \$11.9 billion. Separately, Kmart Corp. said its earnings for the quarter ended April Separately, Kmart Corp. said its earnings for the quarter ended April 28 would be below the year-ago profit of 26 cents a share due to weaker-than-expected sales in the first two months of the quarter.

### Avnet to Buy Hall-Mark Electronics

GREAT NECK, New York (Bloomberg) — Avnet Inc., the largest U.S. distributor of electronic components, said Tuesday that it planned to acquire the third-largest distributor, Hall-Mark Electronics Corp., for about \$485 million in cash and stock.

One share of Hall-Mark common stock will be exchanged for \$20 in cash and 45 percent of an Avnet share. Based on Avnet's closing price Monday of \$30.75, each share of Hall-Mark would be valued at \$33.84, Avnet said.

Shares of Hall-Mark Electronics jumped \$7.75 to \$32.50 in late trading, while Avnet stock was up 75 cents at \$31.50.

Housing Starts Fell 4.6% in March
WASHINGTON (Bloomberg) — New U.S. housing construction
declined 4.6 percent in March, disrupted by violent winter storms,

declined 4.6 percent in March, disrupted by violent wither soldies, government figures showed on Tuesday.

March's annual rate of 1.134 million starts followed a revised 1.5 percent increase in February to 1.189 million, the Commerce Department said. It was earlier reported as a 2.5 percent decrease. Building permits, a measure of future construction, declined 8.8 percent in March.

The practice is becoming wither old but must use out through the

"The weather is becoming rather old but until we get through the March statistics it takes priority in explaining the data," said a report by a Paine Webber economist, Jerry Zukowski.

### SmithKline Boosts Earnings 14%

PHILADELPHIA (AP) — SmithKline Beecham PLC, the British-based pharmaceutical company, said Tuesday that net income had risen 14 percent in the first quarter, though exchange rates took their toll on the results when translated into dollars.

For the period ended March 31, profits totaled £200 million, or \$298

ror use period ended March 31, profits totaled 1.200 million. That was up from £176 million a year ago, but exchange rates at that time translated the profit to \$311 million.

Tagamet, an ulcer medicine, continued its expected decline in the face of generic competition. Sales fell 23 percent, against an unusually strong first quarter in 1992.

### **USAir Loss Shrinks**, but Sales Flat

NEW YORK (UPI) - USAir Group said Tuesday it had narrowed the gap between income and expenditure during the first quarter but ended the quarter with a loss of \$61 million, compared with a loss of \$110.2 million a year earlier.

Revenue was flat at \$1.7 billion. From an operating perspective, results were brighter, with the airline's parent posting an operating profit of \$2 million for the first quarter, compared with a year-earlier loss.

### Philip Morris Profit Increases 11%

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NEW YORK (Reuters) — Philip Morris Cos. reported Tuesday a 10.8 percent increase in first-quarter profit and said the previously predicted decline of as much as 40 percent in 1993 U.S. tobacco operating earnings

would affect consolidated earnings by a smaller percentage.

Revenue rose 8.1 percent to \$15.19 billion. Philip Morris said operating income from worldwide tobacco operations rose 5.8 percent, to \$1.7 billion, while cigarette volume increased 10.1 percent, to 165 billion units. Income for the food business advanced 13.5 percent to \$868 million.

# **U.S. FUTURES**

WASHINGTON — Treasury Secretary Lloyd Bentsen said a U.S. administration plan to tax energy "will produce over \$72 billion in revenue" in the four years to 1998. The tax will produce more than \$22

The energy tax alone accounts for one-fifth of the total net deficit reduction in President Bill Clinton's plan, he said in testimony prepared The deficit-reduction impact of the energy tax should reduce interest

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ICCT

# U.S., U.K. Air Accord

By Richard W. Stevenson New York Times Service

LONDON - The United States and Britain said that they would begin negotiating a new agreement next month to give their airlines greater access to each other's markets. Both sides said they were optimistic that an arrangement could be reached within a self-imposed deadline of a year.

The U.S. transportation secretary, Federico F. Peña, met in London Monday with the British transport minister, John MacGregor, and said afterward that he was encouraged by Britain's attitude toward resolving the impasse that led to the failure of similar negotiations during the administration of former President George Bush.

The United States, prodded by its biggest airlines, has been pushing for greater access to destinations in Britain, particularly to Heathrow Airport in London. Britam wants greater access to the United States, but is also seeking changes that would allow British Airways to increase its ownership stake in the USAir Group.

"Both governments want to see vigorous but fair competition, offering the public an even wider choice of airlines, routes and fares," the nations said in a statement issued in London.

plan by British Airways to acquire 19.9 percent of USAir for \$300 million. But he said then that approval for British Air to increase its stake to 44 percent would depend on Britain's willingness to liberalize the aviation agreement

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# EC Trade Signals Upset East Leaders Question Genness of Markets

. PRAGUE -- In Eastern Europe, patiencith

the European Community is wearing thirmd rising signs of protectionism.

Leaders of Poland, Hungary and theech Republic — the former Communist count considered most promising for early EC mership—are angry about the Community's deen this month to ban livestock, meat and dainy ducts from East European countries.

"We are witnessing a long-term prob about the openness of Western markets to our ducts," the Czech prime minister, Vaclay Klausid at a press conference last week. "These are the first and not the only products to be affect

In interviews in all three capitals, tr officials said the still-unresolved trade disputenonstrated how little progress has been made ast-West relations since the fall of Communist 1989, and how ambiguous the countries' futures with the

What the East European countrield so unsettling is that this is only the latest in ries of trade disputes, and more seem likely.
"It's really now a string of probl. we have had with the EC," said Miroslav Sd, the Czech

Republic's acting deputy trade mter. "It's defi-

nitely not some negligible affair. This has got much worse in a few months."

Last year, the Community set quotas on imports of certain steel products from Eastern Europe and now is considering extending them. It has also imposed limits on textile imports. These measures come even as stores in the former Eastern bloc overflow with newly imported clothes, food and other products from the West.

All three countries have spent the last three years reorienting their exports away from the former Soviet Union to markets in the West. They said they saw free trade with the EC and quick Community membership as the best prospect for long-term stability in their economies.

Yet EC leaders have sent mixed signals on how

to achieve that, Eastern Europeans feel.
"We're a little bit afraid," said Gabor Szucs, director of the secretariat at the Hungarian Ministry of International Economic Relations. The

road we're going on isn't clear."

Equally frustrating, the officials said, was the EC's failure to recognize that the countries of Eastern Europe no longer form a single trading bloc but are separate nations pursuing independent policies. Each wants its own distinct relation-ship with the Community.

# London Exhange at the Crossroads

LONDON -- The London Sto source said. meets Thursday, five weeks a transfer and settlement system. century.

The exchange will be loss alongside the market-maker methhard at the services it providing the aftermath of Taurus, hoest

industry," a securities industry

Exchange will take a fundamen Taurus had been aimed at comlook at its future when its bo: puterizing the present paper sharethe demise of Taurus, the sh Debate will center on whether an Mr. Peña last month approved a transfer system that was to be order-driven trading system, typiflagship to take it into the 1 cal of systems used on the European continent, should be developed

> od long used in Britain. In the continental system, buyers to meet its main role of transits and sellers are matched automatisavings into long-team capifor cally, whereas in the British model, ment for Taurus.

market-makers stand as gobetweens, quoting prices and trading from their own share inventories. The exchange remains committed to market-making but recognizes that alternatives may enhance liquidity.

Taurus was abandoned after the costs of the system spiraled to £400 million (\$615 million).

The Bank of England has now taken over planning for a replace-

# **EC Central Bankers Cite Service Sector For Inflation Fears**

By Carl Gewirtz anonal Herald Tribune

BASEL - European Community central bankers said Tuesday that monetary policies should not be shifted from fighting inflation to trying to boost economic growth.

A committee of EC officials defended their concern about inflation by noting that prices for services are rising almost three times as fast as those for goods in Den-mark, France and Italy, in Belgium. Britain, Germany and Spain the increase is almost twice as fast. The panel was presenting its annual report at the Bank for International Settlements, which acts as a central bank for central bankers.

Rather than risk a premature easing of monetary conditions to boost economic activity, the central bankers said "there is an urgent need to improve the mix between fiscal and monetary policies."

Nevertheless, Wim Duisenberg, head of the Dutch central bank, said he saw "a gradual reduction in interest rates in Europe all across the board." He refused to speculate on the size of the expected reductions.

He also said central bankers looked at the operations of the European Monetary System "through a magnifying glass" and had not found major fault lines. There's no need to change the rules, but to

adhere to them and apply them." Mr. Duisenberg said the troubled period between September and early ebruary was "an example of a major realignment which we should have done in one weekend in Brus-

sels but instead took six months That should never happen again." The span saw several devaluations among EMS currencies and removal of the pound and lira from the sys-

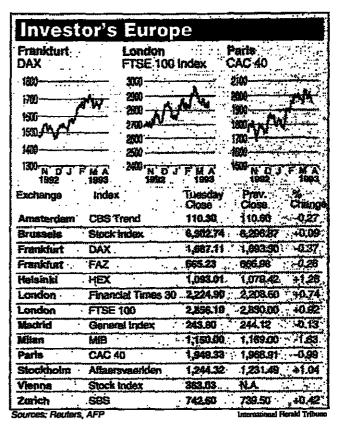
tem's exchange-rate mechanism. It took so long, he added, "be-cause of political difficulties. To the extent that existing exchange rates become more of a symbol of political prestige — to that extent it is more difficult to change them when it becomes necessary

As a result of that prolonged currency crisis, Mr. Duisenberg said EC central bank governors would in addition to their regular monthly meetings get together "from time to time, in a very restricted forum, to discuss sustainability of existing parities." But, he added, the decision to sustain the foreign-exchange rates "is in the hands of governments."

Mr. Duisenberg said central bankers worried that increasing budget deficits were not due only to the low tax revenue and high social spending caused by recession. "Our fear is that there is also a structural deterioration in many countries."

The report did not single out any country, but it made clear Germa-ny's budget deficit following unifi-cation was the major destabilizer.

The report exonerated the Bundesbank of charges that it failed to live up to its commitment to support sterling and the lira when those currencies came under attack. The German central bank is reported to have spent 50 billion Deutsche marks (\$30.96 billion) in intervention supporting those currencies.



### Very briefly:

• France's finance minister, Edmond Alphandéry, said that a monetary policy council "with full independence" would be in charge of monetary policy as part of a changed statute for the Bank of France.

• UAP, the French government-owned insurance concern, said its consolidated net profit had plunged by 71 percent last year, to 1.08 billion francs (\$201 million dollars), after 3.7 billion francs in 1991.

 Belgium has enacted a law guaranteeing the independence of its central bank and preventing the Treasury borrowing from the bank.

• Britain had a record public-sector borrowing requirement of £9.52 billion (\$14.8 billion) in March, after a revised figure of £5.38 billion in February, the Central Statistical Office said.

• France's industrial production index, excluding construction and public works, rose 2.5 percent in February from January but was down 2.4 percent from a year earlier, the national statistics office, INSEE, said.

# BANK: Citicorp Comes to Lifand Looks Overseas

### (Continued from first finance page)

Chase Manhattan has cut its retail branches and concentrated on wholesale centers in major capitals. Bank of America has slashed its overseas interests. The super-regionals, now the most profitable and growthoriented American banks, mostly lack international

sophistication and overseas representation, and in any case are concentrating on growth in the U.S. heartland. By contrast, Citicorp does not even break out its earnings in the United States — they would probably seed to be over the hump, they may reach the limits show losses now if they were separated — and makes most of its money abroad. U.S. income is lumped together with Europe and Japan, and that totaled \$410 million in the first quarter, plus \$263 million from developing countries such as Brazil, Mexico, and East Asia where Citicorp has a heavy retail network.

Mr. McDermott, the bank analyst, said Citicorp was.
"in the threes of a major turnaround" as it liquidates the real estate disasters of the 1980s, and that Mr. Reed, improvements.

unlike jumber of failed chieftains who have been bouncirom major American corporations, would proba pull through with his bank. Lacar Citicorp had core earnings of \$5.5 billion by

Mr. Dermott's reckoning and loan losses of \$4.4 billion banks that are stabilizing, he said, that ratio is as los 20 percent instead of Cit's 80 percent "but we domink there are any more skeletons in the closer." pontrast, he said, although most American banks of r improvement this year for three reasons. Loan mas are good because the Federal Reserve Board hat the cost of banks' funds cheap, and that is mely to continue as the U.S. economy improves. gs also have fewer bad loans but are under pressure is the government to lend more to small and someas risky business. Finally, banks have grown more ient and may be unable to make further productivi-

# INTERACT: Television Viewers Get the Last Word

(Continued from first finance page)

cast programs, Philips Electronics NV's Compact Disc-Interactive System creates new programs with full-motion video, generating the illusion more of a three-dimensional theater than Sega or Nintendo-style cartridge video games.

"CD-I is not a video game," said Jean-Pierre Is-bouts, director of Philips Interactive Media International. "We use live actors and studio production values, and our shows are aimed at adults as well as children." With the demonstration disk of a production called "Voyeur," for example, the viewer sees an anartment block on the screen and uses a thumbstick to nick and choose various windows and to plunge into the middle of different plot lines.

All of this does not come cheap. To the consumer, CD-I is a much more expensive proposition than Telepick, requiring a separate player that sells for around 4,000 francs in France (around \$700 in the

United States) and disks that run around 350-400

Your Choice TV, the Discovery Channel's entry into the interactive-video sweepstakes, takes the basic approach that more program access means more revenue. By taking advantage of the latest revolution in cable, the digital compression of 500 channels onto a cable delivery network, Your Choice essentially offers video-on-demand. Hit movies would be available every 15 minutes for a 48-hour period, prime-time programs whenever you want for around \$1 a view, plus magazines, home shopping, games and documentaries.

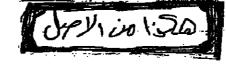
The service will be field-tested this fall in 50,000 to 100,000 U.S. households and is slated for the market next January. Like all the interactive systems, Your Choice requires a new box attached to the TV, a \$250-\$300 gadget whose cost would be folded into cable

### COMPANY RESULTS

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losses, in millions, are in	1st Quar. 1993 1992	1st Quar. 1993 1992		
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otherwise indicated.		1992 restated to include gain		
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Hallad Chalas	1st Quer. 1993 1992	gains of \$123 million,		
United States	Revenue 2,204, 2,128.			
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# Slump Dims Lights of Akihabara

TOKYO — The world's most famous electric-toy town is trying to rewire itself.

A gadget mecca since the 1960s, Tokyo's Akinabara district glares with neon and bright signs that beckon from shops piled high with boom boxes and air-conditioners. Teams of nubile young women dressed in

space suits jabber promotional slogans in squeaky voices, while others in miniskirts sing along to karaoke machines, trying to entice passers-by into their shops, But business is bad. An economic slump in

Japan and the lack of new products have cut sales, forcing the agile entrepreneurs of Akihabara to search for new ways to maintain the district's allure.

Instead of signs for Panasonic, Sony and Sanyo, one prominent building in the district's main street now displays a huge picture of Sonic the Hedgehog. 2 video-game hero.

Many home-electronics shops are deserted by all but their salesmen, who stand idle in front of banks of screens and stereos.

annual debate over China's most-

favored-nation trading status has

taken on a decidedly different tone.

For one thing, there is the arrival at the White House of President

Bill Clinton, who promised during

last fall's campaign to take a tough-er stance toward Beijing for its hu-

For another, there is a consider-

able amount of cold American cash

on the line. And that has the likes

of AT&T, Caterpillar and General

Electric throwing their collective

The reason is that U.S. exports to

China have grown an average 25

heft behind Beijing's bid to win

renewal of its trade status.

man-rights abuses.

HONG KONG - This year's In fact, China's economy is now

export markets.

one of America's fastest-growing

withhold or add conditions to Chi-

na's trade status, which offers the

best trade terms available, Beijing is certain to retaliate. That would

icopardize billions in U.S. capital

message that American companies

have significantly increased their

sales to China and without MFN

they will be hurt," said Frank Mar-

tin, president of the American

tiber of Commerce in Hong

This year we are sending the

now streaming into China.

If U.S. lawmakers this summer

But in Sega Hi-Tech Land, groups of workers take a break from the office to crowd round computer games and bet on miniature

The Japanese have had enough of buying gadgets just for the sake of it, explained Minoru Takahashi, president of Shintoku Corp., a co-owner of the venture. They want to have fun in other ways.

Last year he decided it was time to clear

out the hi-fi and video recorders and got Sega Enterprises Ltd. to fill the store with computer games. "People don't find hardware attractive any more," he said.

Part of the problem is a lack of exciting new products. Attention was once held by a flood of innovations as black-and-white TV was followed by stereo hi-fi and later color TV. video recorders, CD players and camcorders.

But now, while glimmers of interest are provided by items such as Sony's new minidisk music system, the waves of new products

that drove the industry until the end of the

U.S. Industry Lobbies for China in Trade Debate

recent during the past two years. put at risk some \$7.5 billion in U.S. China on Monday to develop an oil

in agriculture, aviation and tech-

nology, the business group said.

Despite the stakes, China will not have an easy time winning approval. Its \$18.3 billion trade

surplus with the U.S. has rankled

trade hawks in Washington. And

although Beijing has recently re-

leased some political prisoners from the 1989 Tiananmen Square

demonstrations, it has not silenced

Still, America's growing eco-

nomic presence in China seems

all human-rights critics.

sure to color the debate.

"The Japanese used to work to buy con sumer electronics," Mr. Takahashi said, "People yearned for the kind of lifestyle that came with fridges and TVs. These had the limelight in postwar Japan."

Another reason the industry has been so badly hit is Japan's ailing economy. When consumers tighten their purse strings, luxuries are the first things they cross off their shopping lists.

The Japanese spend about 6 trillion yen (\$\$4 billion) a year on consumer electronics, 5 percent of it in Akihabara. But the district's homeelectronics sales fell 7 percent in 1992, with andio and video sales dipping 15 percent.

Iwao Yamashita, director of the retailer Nakaura and spokesman for the Akihabara Electric Shops Development Association, said the number of customers in Akihabara's stores had not failen. About 110,000 people shop in the district each weekday and 330,000

crease Amoco's output outside the

Texaco Inc. signed a \$400 million offshore-oil exploration project with Shanghai Petroleum and

Natural Gas Co. of China just a

week before to develop reserves in

tling plants in China and signed a memorandum with the Chinese

Ministry of Light Industry in Feb-

General Electric signed a \$5 mil-

ruary promising to build live more

plants in the next five years.

Coca-Cola Co. now has 13 bot-

U.S. by 10 percent.

the East China Sea.

exports and could cost as many as field in the South China Sea, Net 150,000 American jobs, especially production in the field would in-

# Telegraph Can Take 25% Fairfax Stake

Bloomberg Business News

CANBERRA - Australia's treasurer. John Dawkins, approved Tuesday an application by The Telegraph PLC, controlled by the Canadian publishing magnate Conrad Black to boost its stake in the Australian newspaper group John Fair-fax Holdings to 25 percent.

The decision opens the door for greater foreign investment in Australian media, analysts said.

"The government has determined that a single foreign investor can have a shareholding of up to 25 percent, and unrelated foreign interests can have shareholdings of up to 5 percent," Mr. Dawkins said.

The controversial and far-reaching decision, taken at a cabinet meeting, overrides the govern-ment's previous 20 percent limit on

tyre, who heads up the company's China operations.

merce in Hong Kong has rallied its ranks, which includes more than

200 of the Fortune 500 companies,

telling them to write their Con-

AT&T is a prime example of the

stakes involved. In February, after

four years of trying to break into

China's telecommunications mar-

ket, it announced an agreement

that could translate into billions of

without conditions.

The American Chamber of Com-

relate only to foreign investment in mass-circulation newspapers.

foreign voting equity. The changes

The Telegraph owns 14.9 percent of Fairfax - which publishes The Sydney Morning Herald, the Australian Financial Review and Melbourne's The Age - while the U.S.-based investment group Hellman & Friedman owns a further 5 Dercent

Mr. Dawkins said the government had agreed that Heliman & Friedman may retain its share, lifting total foreign ownership in the newspaper group to 30 percent.

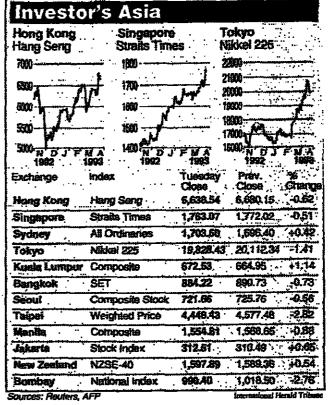
A consortium led by Mr. Black purchased Fairfax from receivers in late 1991, amid controversy about a foreigner gaining control over the nation's most prestigious

Tuesday's decision came despite a flurry of objections to the change from newspaper unions and gov-ernment backbenchers, who called Mr. Dawkins to reject Mr. Black's application.

Fairfax shares surged 11 cents Tuesday to close at a record 2.10 Australian dollars (\$1.50), in an-

ticipation of the favorable decision. Richard George, a media analyst with Hambros Equities, said the shares were likely to edge higher and remain underpinned as Mr. gressmen about the importance of renewing China's trading status Black builds his stake. Mr. George said the decision pointed to a worldwide trend toward cross-

ownership of media. He said Tuesday's decision would usher in more foreign investment in Australian media and could also signal future relaxation of the govern-Kong Amoco Corp. signed a \$1.5 billion medical joint venture in Beijdollars in revenue over the next
ing last year. More deals are in the decade, the company said. ment's restrictions on foreign ownership of electronic media.



### Very briefly:

faiwan's legislature is expected to consider on Wednesday eight articles of trade law it shelved in January when it partially enacted a 1989 treaty signed with the United States, which has threatened to impose sanctions if the full accord was not quickly enacted and enforced.

• Taiwan's export orders rose 12.6 percent in March from a year earlier, to a monthly record \$7.6 billion, reflecting Chinese and U.S. demand. A building boom helped boost March industrial production 3.89 percent. • Japan Tobacco Inc., now government-owned, could be listed this year, Finance Minister Yoshiro Hayashi said, depending on results of the upcoming listing of East Japan Railway Co.

Fuji Heavy Industries Ltd. returned to an original estimate that it earned million yen (\$8,997) in the year that ended March 31; the maker of Subaru cars had forecast a 4 billion yen loss for the year in a revision of its first prediction, but car exports improved in March.

## TRADE: Clinton Eschews Free-Trade Rhetoric of Reagan and Bush as He Tries to Pry Open Japan's Markets

(Continued from first finance page)

quotas and other mechanisms for controlling the flow of goods across the Pacific since the early 1970s, when tions in the trade surplus. then President Richard Nixon's administration took steps to slow a flood of cheap Japanese textile

"The U.S. managed trade before Presidents Reagan and Bush; they just continued the previous polici insisted Ryutaro Komiya, director-general of the Ministry of Trade and Industry's research institute. It is thus difficult for Japan to flatly reject Mr. Clinton's form of trade hardball. But it does put

pressure on the Japanese government to come up with its own recommendations for achieving swift reduc-

Some commentators have been critical of the government's staid policymakers for being slow to realize that a whole new relationship has emerged.

"The conventional approach of meeting selective, specific U.S. demands with principles of free trade or abstract arguments no longer works," wrote the Asahi American policy have been used before and were value of the dollar against the yen. accepted by Japan. The 12 years under Mr. Reagan and Mr. Bush were, from Japan's perspective, littered

limit exports of autos and machine tools to a pledge to help foreign computer chipmakers obtain at least a 20 percent share of the Japanese market. There was also the so-called Plaza Accord in September 1985, which

Many officials admit that all the elements of the used government intervention to sharply reduce the

At times, these conflicts left American trade negoti ators in a quandary. When Carla A. Hills, Mr. Bush's trade representative, visited Japan in October 1989, she toed the free-trade line and rejected in principle any targets for Japanese imports of foreign goods, including computer chips.

# San Miguel Targets Asia

MANILA - San Miguel Corp. plans to expand in Asia and hopes to get financing from international sources, company officials said

Tuesday.

man Andres Soriano told the annual meeting of the company, which is he the largest manufacturer in the Philippines.

Bloomberg, Reuters, AFP, AFX

Mr. Soriano said San Miguel's net income rose 28 percent last year to 3.59 billion pesos (\$143 million), from 2.81 billion pesos, despite a drop in sales of its flagship product, San Miguel beer.

Div Yid PE 100s High Low 4 P.A. Orba

The government has yet to introduce new ideas.

Shimbun, a leading daily newspaper, in an editorial.

with deals that managed trade by having government decrees influence the movement of goods rather than the classic determinants, supply and demand. These deals ranged from Japanese agreements to

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But just last year, with Japan's trade surplus expanding again. Mrs. Hills insisted the United States would hold Japan to its 20 percent market share in the Asia-Pacific region," Chair-12 Month 1,000 Stock
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By Tom Redburn

ERMANY is growing old. And because it is aging ahead of other major industrial nations, the coming demographic changes are creating particularly unsettling new dilemmas for Europe's already-troubled economic giant.

Most ominously, the German work force has started to shrink. Unless current policies change, in less than a quarter century, there will be fewer than two workers for every German retiree, compared with a ratio of more than the compared with the than three-to-one today. How difficult will it then be to pay pensions and health care costs? Immigration is Germany's most explosive

political issue. Beset by rising unemployment as the nation's vaunted industrial engine badly misfires and facing a public backlash over the failure of unification to live up to the government's glittery promises. Bonn is setting up barriers to foreigners. But is Germany trying to close the door on workers it may soon want? Given all of the nation's present-day eccnomic woes, these and similarly disturbing

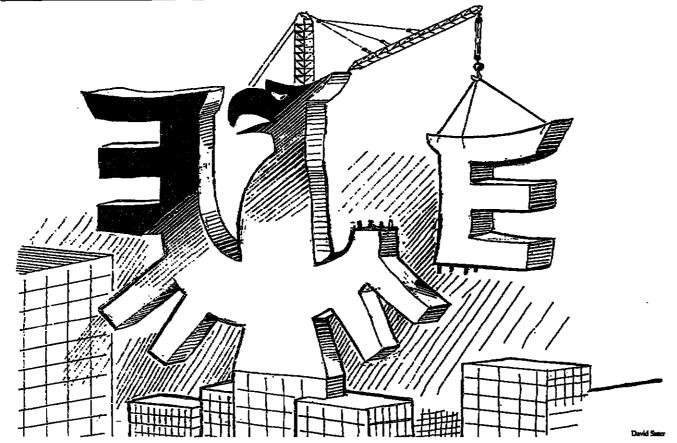
questions do not seem particularly pressing to most Germans. But they may not be able to put them off much longer. "Our shrinking demographic base is like a quietly ticking time bomb," said Norbert Walter, managing director of Deutsche Bank Re-search in Frankfurt. "Nobody is listening right now, but we should be."

Consider some numbers:

N 1985, the combined labor force of what was then East and West Germany was about 39 million people. By 2000, the work force of united Germany is expected by the International Labor Office to be barely above 37 million, a decline of 0.3 percent per year. Without fresh outsiders, that decline is all but certain to continue. While growth in eligible workers has slowed in all highly developed industrial nations and is expected to turn down in such countries as the United States, Japan, and Britain within the next two or three decades, only Germany is already experiencing a fall. The number of elderly is also swelling at the

same time a low birthrate is leading to fewer and fewer young Germans.

Right now, about 45 percent of Germany's workers are under the age of 34. By the end of Continued on page 21



# Berlin Walls of Redevelopment Going Up

By Conrad de Aenlle

ERLIN - For nearly half a century. development here was forced to conform to a bizarre, manmade geography born of the Cold War. A single metropolis suddenly became two distinct cities, separated by profound social, political and economic differences, and, of course, by con-

When the Wall came down, the division ended just as suddenly, but the process of rebuilding Berlin into one city was just begin-ning. Today, whole neighborhoods are in transition as the past is undone. The effect is to push manufacturing out and draw commerce

Projects in progress are expected to increase office space in Berlin by 50 percent, to nearly 17 million square meters, or close to 200 million square feet, making up for decades of

"This city was an island and the capital of a

socialist country." observed Volker Hassemer, the senator for city planning for the Berlin state government. "You didn't find investment in offices. We have a totally different situation here from the one in London and Frankfurt. It's natural that now we have a big demand in

Helping to fill that demand will be a massive development at Potsdamer Platz, which used to be in the no-man's land near the Wall in West Berlin but is now in the heart of the city. The project being underwritten by Daimler-Benz, will include 195,000 square meters of office space, 67,000 square meters of apartments, a hotel and conference center, a shopping mall and a musical theater. It is expected to employ about 12,000.

Daimler had nothing so ambitious in mind when it bought the land in 1989 before the Wall fell. The company was planning to use it for the headquarters of one of its several divisions. Then, said Hans-Jürgen Ahlbrecht, managing director of the project, the Berlin Senate asked if the company could expand its

ding was necessary.

"The Wall collapsed and suddenly there was interest," Mr. Ahlbrecht said. "It was in the heart of Berlin. Then the decision was made to build urban life again."

Other companies building urban life in Pots-damer Platz include the multinationals Sony and Asea Brown Boveri. Construction is projected to begin this year and be completed by the end of 1997. All that is there now are mounds of earth, a traveling circus, a couple of dozen chunks of the Berlin Wall and, for some reason, a World War II-vintage fighter plane

Other big developments are designed to bring trade to East Berlin, where there was virtually none for so long. A large commercial project on Friedrichstrasse, about halfway between Unter den Linden and Checkpoint Charlie, will be anchored by a Galeries La-

Continued on page 20

# Translating West Into East Stumbles on the 'R' Word Industrial Downturn Compromises Blueprint for Rapid Reconstruction

By Brandon Mitchener

RANKFURT - The word "recession" is not in the German vocabu-lary. In dictionaries that even list the word, it comes under the heading "foreign words and phases," as if the term has no relevance for Europe's biggest economy. Indeed, after a decade of strong growth, most Germans refused to believe that the decline in

industrial production and employment that set in last year was anything other than a momen-tary dell in an otherwise level landscape. Now they are learning the hard way. Edzard

Reuter, chairman of Germany's biggest com-pany, Daimler-Benz AG, predicted that 1993 will be even worse for his company, a bench-mark for the performance of German industry as a whole, than the second half of 1992, itself a

Helmut Kopper, chairman of Deutsche Bank AG, the country's biggest bank, said recently he would be happy if the economy only shrank 2 percent this year and stopped shrinking next year. That statement was among the most bearish on the economy, which most observers had expected to contract

by I percent to 1.5 percent.

Ifo, the Munich-based economics think tank, recently forecast an average 7 percent decline in industrial production this year. In the motor vehicle industry, on which every sixth job in Germany is dependent, the decline was expected to be an even more pronounced.

À decline of that magnitude does not bode well for employment, and pinches federal in-come tax revenues, making it harder to pay for the reconstruction of Eastern Germany. "The latest round of key monthly indicators

confirm that the West German recession is still worsening," Kermit Schönholtz, an economist at Salomon Brothers, said after seeing March unemployment figures. "In particular, the manufacturing stump is being translated more clearly into falling employment."

"The consequent decline of incomes, in-

tensified by falling real wages and rising taxes and social contributions, will result in additional consumer retrenchment, thus deepening and extending the recession," he said, describing what Germans call a Teu-

Business bankruptcies, one headline indicator of the state of the economy, were up almost

tor of the state of the economy, were up atmost 50 percent in March versus a year earlier.

The only positive effect of the recession is that it helps reduce inflation, making it increasingly likely that the Bundesbank, the German central bank, will bring short-term interest rates down sharply as the year progresses. In March, the annualized inflation rate was 4.2 percent, well above the Bundesbank's stated

Gunter Recrodt, Germany's new minister of the economy, has predicted the situation will improve by early next year at the latest. "Despite these temporary difficulties, there should be no doubt that the essential economic strucnires of our country are stable," he told an audience in Washington. By "country," he meant Western Germany, of course.

In Eastern Germany, the government faces the Herculean task of turning a country ruined by 40 years of socialism and two years of unification into a modern and attractive business location. "It has become clear in the meantime that this will take more time than we had originally thought to be the case, and greater patience, especially on the part of our citizens in Eastern Germany," said Mr. Rexrodt, a former Berlin finance official.

One of the main brakes on development has been the wholesale transplantation of the West German legal structure on an unsuspecting East. The operation has been disastrons in the case of legal claims on property, because even claims that are unfounded take time to track down. In addition to the fact that many property records were sloppily kept under the for-mer regime, the government literally cannot hire enough trained people to dig through the records that were kept, meaning that the process scares away some investors and slows down those brave enough to come.

Another reason that the "blossoming landscape" that Chancellor Heimut Kohl promised has not yet appeared is the speed with which East German wages are rising to meet West German levels. Investors seeking low-cost labor find it much more incretive to build or buy factories just over the border in Poland or the Czech Republic than in Eastern Germany. Some West German companies have even can-

Continued on page 21

# In the East, a Bumpy Road to Normalcy Mecklenburg-West Pomerania Strives to Repair Economy

By Douglas Sutton

CHWERIN — The European Community's corner on the Baltic Sea, the East German state of Mecklenburg-West Pomerania, has had more than its share of turmoil and negative publicity in the convulsions of the German unification process.

Last year's anti-foreigner riots at Rostock, the state's biggest city, whose main industries of shipbuilding and shipping have been hit hard by the transition to Western-style market economics, made headlines around the world

This year, the state capital, Schwerin, has been rocked by a scandal in

the Christian Democratic Union/Free Democrat coalition extremely unfavorable contract per-mitting West German communities to unload their garbage at a trash

dump in the state. The affair led to the resignation of the environment minister, and the state has been left to be hundreds of millions of dollars' worth of cleanup

All the turbulence stands in contrast to what is one of the most tranquil and scenic regions anywhere in Ger-

It is a landscape of 2,000 glacier-carved lakes, hundreds of miles of Baltic Sea coastline, wide stretches of quiet forests and farmland, and castles and palaces of the erstwhile Meck-lenburg dukes that can rival those anywhere in Europe for

And, with 1.9 million people, about half Berlin's population, dispersed among its nearly 24,000 square kilometers (9,265 square miles) Mecklenburg-West Pomworst may be over and that the efforts to restructure the economy will start to bear fruit, at least putting a stop to the rise in unemployment. "Looking at the latest data, we think we are starting to see a

Among other factors, export growth is now surpassing import growth. Through the first 11 months of 1992, exports had increased 19.2 percent to nearly 1.99 billion marks, leaving a slight trade surplus.

year, compared to last year's 9 percent growth," Ms. Minthe said. "Also, we're seeing an increase again in the establishment of small and medium-

turnaround," remarked Theda Minthe, a ministry spokeswoman. "Some of the results are mixed, but the general trend looks positive."

We're expecting a 10 percent increase for the overall economy this sized manufacturing companies."

> owned companies -about 1,000 in all - in Mecklenburg-West Pomerania. bumpy process, but the privatization faster than the other German states," she said. "Now it's a matter of trying to attract new outside inves-

Ms. Minthe also

savs the ministry

believes that the most turbulent peri-

od is over because

the Trenhand office

in Berlin has all but completed the pro-

cess of privatization

of the former state-

E Nonte 11

tors and create new Officials are also quick to point out that the state's economy is mainly based on two sectors that are problematic everywhere in the EC - farming and shipbuild-ing — so that the economic restruc-

turing is going to The strategy is to try to build a base of medium-sized industry, promote tourism, and to es-tablish Mecklenburg-West Pomerania as a crossroads in Germany's trade with Scandinavia

and with the eastern Baltic region. Currently, the state is looking at 24 major tourism projects, although only one has gotten under way: a thermal spa resort by a Danish company near Germany's largest inland body of water, Muritz Lake. At the same time, the overall tourism infrastructure is being expanded. Mr. Lehment said that the last remaining 80 hotels and inns in the Western standards of comfort.

Several hundred kilometry.

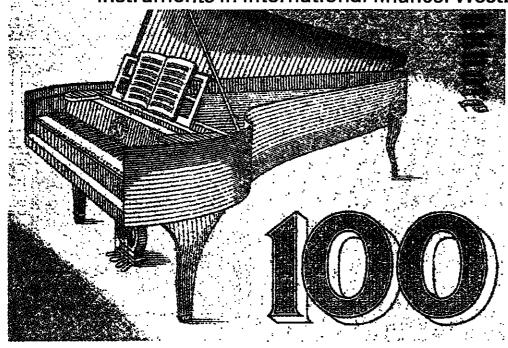
Western standards of counters.

Several hundred kilometers of bicycle path are being developed, camping facilities expanded and improved, and sailboat marinas, both along the Baltic coastline and the inland lakes, are being built and

Sgrauco. And, the most certain sign of all that Mecklenburg-West Pomerania is making the switch from communism to capitalism, the state has approved construction of eight golf courses.

DOUGLAS SUTTON is a business editor at the German Press Agency





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The castle at Schwerin, the state capital.

erania offers a sense of wide-open spaces. But for the moment, the problems facing the state as it scrambles to adjust to Western market economics are making it hard for the locals to enjoy their home territory.

NEMPLOYMENT is running at 16 percent by official standards; without federally financed job promotion programs, the actual rate would be nearly 40 percent, and as some of the programs face expiration, tens of thousands of workers stand

And, after the initial post-unification rush of new companies being set up, the state has experienced a sharp rise of bankruptcies and closures. There were a reported 117 insolvencies in the state last year — triple the 1991 figure — leaving unsettled claims of some 560 million Deutsche marks (about \$350 million).

Despite the obvious problems, officials at the state Economics Ministry, run by Conrad Michael-Lehment, are mildly optimistic that the



Departing Soviet troops bid "Farewell to Germany."

# Swords to Plowshares, East German Style

By Ann Brocklehurst

OTSDAM - More than half the soldiers the former Soviet Union had stationed in East Germany have now pulled out, leaving the Germans to cope with the environmental damage and to figure out how the much-needed land and the former military facilities can best be put to use.

The East German Länder (states) have a severe shortage of state property to use for industry, housing and government administra-tion. But despite that, they have not jumped at the federal government's offer to give them land vacated free of charge. The problem is that in many cases the cost of cleaning up old military grounds is greater than the value of the

Until the Germans gain complete access to all the Soviet-used land, a total of 117,000 hectares (about 290,000 acres), or 2.5 percent of the land surface of Eastern Germany, they cannot even attempt to estimate accurately how much decontamination will cost.

"It's clear that it's a double-digit figure in the billions, which means it starts at 10 billion marks," said Helmut Domke, the civil servant in charge of the conversion of military facilities

for the state of Brandenburg.

Brandenburg, which surrounds the city-state of Berlin, had 7 percent of its land surface set aside for military use during the Cold War. Almost 40 percent of Soviet personnel (numbering 545,000) and their families stationed in East Germany lived in the strategically important Land. And the headquarters of the Soviet military West Group was located in Wünsdorf,

In Brandenburg's capital Potsdam, an old garrison town, the Red Army simply took over many of the already existing military facilities. Their pullout and the closing of former East German Volksarmee bases will free 360 hectares of built-up and cleared land, including a huge chunk of 211 hectares in the north of the city that the municipal government plans to use for housing and a business park.

tary into civilian bousing can begin immediately in some cases, other planning and development projects will have to wait until at least August 1994, when the last of the troops are set

The troops, whose departure is proceeding on schedule, are leaving behind military exercise sites, shooting ranges, radar stations, vehicle service centers, warehouses, airports and barracks, as well as housing facilities for army

families, hospitals and other buildings.

The environmental problems include improperly disposed of household garbage, severely leaking sewage, fuel-soaked earth unex-ploded munitions and contaminated ground water. The government's goal is to clean up the dangerously polluted zones as fast as possible while scheduling the less organt jobs over the

"For the most part, the land is contaminated only at selected points," said Gundula Herwig, a geologist at the Brandenburg state Ministry of the Environment

Mr. Domke said the thoroughness of the cleanup depends on the planned uses of the land, which range from parkland to waste-disposal sites. Brandenburg's conversion experts believe that some of the biggest sites -20 are more than 1,000 hectares --- would be ideal for waste disposal and recycling centers since they offer enough space to meet security re-quirements. Other sites are slated for conversion into industrial areas and research-anddevelopment zones.

Some 60 percent of the military land in Brandenburg, however, lies in smaller towns between the town center and the railroad sta-tion. These installations, well suited for urban development, range from single houses to barracks with up to 20 hectares of surrounding

Former East German Army facilities, many of which were freed up immediately upon German unification in October 1990, have been converted in a relatively short time. But the cost of converting the barracks into a reasonable standard of civilian bousing has proved high and compares to the price of new construction. Urban planners hope that innovative

down. Their methods will be put to the test in the West Group's military headquarters in Winsdorf, where some 75,000 civilian and military personnel will move out by 1994, leaving behind a deserted town that the government

intends to resettle with Germans. Despite the many obstacles to be overcome in reusing military land and facilities, Bran-denburg is committed to conversion, "We can't just not use the land and go and build a shopping center in a green meadow," said Mr. Domke. "Even though it may seen cheaper at first, in the long term, it's neither cheaper nor ecologically sound."

NE major advantage to using the military land is that in most cases there are not the property owner-ship and legal questions found with so many other sites. The federal government's title is generally secure and it is prepared to turn the land over to the Eastern Länder, which compared to the Western states, have little state land of their own.

The sticking point in the negotiations is figuring out who will pay for the cleanup. Under the current system, the federal govern-ment will sell the land to the states at an 80 percent discount and reimburse them as much as the sale price if any environmental damage is later discovered. The offer to turn the land over free of cost, which Mr. Domke describes as "we'll-give-you-the-land-with-the-kerosene-in-the-ground," comes with no prospect of cleanup funds, however.

Mr. Domke says that to accept such an offer is a risk the cash-strapped Eastern Länder cannot afford to take and that both levels of government must share the cleanup costs. "After two years of experience with conversion, we have realized that the damages of war and the arms race are greater than we expected," he n is a more con cess and will take a long time."

ANN BROCKLEHURST is a journalist based

# Military Sees New Life in an Old Alliance

By Joseph Fitchett

ARIS - Leaders in Bonn, after a brief flirt with ideas of creating a European defense force, are turning back to NATO, the country's oldest alliance, as the vehicle for pursuing the new

Germany's security interests. Only the U.S.-led alliance, officials in Bonn said in recent interviews, has the resources to modernize the German armed forces and the military credibility to manage crises beyond Germany's borders.

By itself, renewed potential in the Western mee may not solve problems of morale and reorganization that have reached nearcrisis proportions in the ranks of the German

But Defense Minister Volker Rühe has told U.S., British and French defense officials that a reinvigorated, partly redesigned NATO military machine is the best hope of obtaining stronger German participation in international peacemaking activities.

Already, Mr. Rühe's views have started

forcing into the open some security issues that have been dormant both in his own country and among allies. The question is not yet settled about whether Germany should have an army like any other Western nation's that can be ordered into combat

It challenges French hopes of working with Germany to create a European army that would rely less on U.S. help. Meanwhile, the Clinton administration has not yet set a future U.S. role in NATO.

Addressing the International Institute of Security Studies last month in London, Mr. Rübe said that his country should assume a leading role in maintaining stability in Central Europe, a position supported in public opinion polls by a near-majority of Ger-

For that purpose, he said, NATO needed to accelerate its overhaul into smaller, more mobile forces designed for intervention be-youd the borders of the alliance's member states, an idea supported by Manfred Worner, NATO's secretary-general and a former German defense minister. What Mr. Rühe did not say was that a

NATO revamped along these lines would offer a greater voice to Germany and require a continued U.S. commitment to be effective. Both countries will find a revamped alliance more comfortable if France moves closer to it. Mr. Rühe's military and political logic is

compelling. Without major German involvement, there can be no serious Western use of force to settle crises in Eastern Europe. Already in Bosnia, German air crews were needed in NATO's reconnaisance planes. Yet, Germany's armed forces, the best

army in Europe during the Cold War, have deteriorated dramatically as the country gropes for a new strategy. And there is as yet no political consensus in Bonn about their A report to the German parliament last

month described the armed services as bewildered and demoralized because the govern-

ment has given them no sense of purpose. A parliamentary ombudsman found that all three services - army, navy and air force had been assigned new missions without the equipment or training to do the job.

Problems stem partly from the fact that

the German Army during the Cold War offered quasi-bureaucratic officer careers. The new German Army is offering more risk and fewer family comforts.

This shift is particularly painful because of drastic, and continuing, spending cuts. The defense budget, a Rühe aide complained recently, "has become the quarry where the government always digs out new funds to meet the costs of modernizing former East

The shortage of funds will constrain any major military effort, including the develop-ment of armaments that a European army would need to become independent of the North Atlantic Treaty Organization, No combination of European countries seems

### The new German Army is offering more risk and fewer family comforts.

capable in the foreseeable future of buying a fleet of transport planes or intelligence satellites to replace the U.S. facilities provided

Germany's defense industries operate with stringent political rules against selling weap-ons to unstable countries. These restrictions inhibit the Bonn government from even giving away arms.

German forces have no use for the Sovietmade warplanes, tanks and artillery inherited from former East Germany and many new European democracies are clamoring for these armaments because they fit with old Warsaw Pact equipment.

So far, Mr. Rühe has only been able to release a little surplus German weaponry to Finland and, in the form of spare parts, to Hungary. His critics charge that the arms to Hungary will turn up in war-torn Yugosla-via, where a large Hungarian minority feels threatened by the Serbs.

Even German military hand-me-downs to fellow NATO ally, Turkey, have caused political turmoil in Bonn because of alleged military repression against dissident Kurds by the Turkish authorities.

Similar cost constraints and political inhibitions limit the prospects for the armed forces of the new Germany to learn how to handle the duties of a modern army designed for foreign intervention, a role utterly different from territorial defense. A new NATO offers the only hope for

German forces to gain the wherewithal to master a new mission aimed at quelling local wars that might affect Germany in a variety of ways, from refugees to the grim possibility of nuclear civil wars in the former Soviet Union. If NATO were oriented toward foreign

intervention, the alliance would offer Germany not only the indispensable U.S. military infrastructure for long-range mobility but also the right framework for German forces to prepare themselves for rapid action in unpredictable foreign crises, defense officiais in Bonn have said.

Still an open question about this scenario is what attitude the Clinton administration will adopt about NATO. The previous U.S. administration (avored a policy of gradual changes, including the idea that NATO should focus on the creation of a rapidreaction corps as a step toward the new military concept that Bonn now seeks.

For that paper concept to become a mili-tary reality, the Clinton administration will have to be convinced that the European allies, led by Germany, really support the alliance in a new form.

So far, the clearest military signal has come, ironically, from France, traditionally the maverick in the alliance. Despite its earlier diplomatic resistance to NATO's new role as a European peacemaker. France has sent its air force into the air-interdiction campaign over Bosnia under NATO command.

That break with the Gaullist doctrine of French military independence heartened of-ficials in Bonn, who are hoping that France will join Germany in saving NATO by strengthening the European voice in the alli-

ance without driving the Americans out. Probably the decisive factor in this complex change is the credibility of emerging German policy. The court decision this month not to order German crews out of the NATO reconnaissance planes over Bosnia has not settled the political debate about a larger military role.

But the court's ruling does shift the political outlook in favor of the Kohl government's interventionist views against the opposition Social Democrats, who want to tie any German military commitment to changes in the United Nations to ensure that its actions cannot be dictated by Washington.

The Kohl government's view is that Germany can only become a heavyweight in UN deliberations, perhaps one day as a new permanent member of the Security Council, if German troops can be used freely as an instrument of national power.

Significantly, the cliff-hanging episode of German involvement in the air-exclusion zone over Bosnia saw a remarkable absence of allied arm-twisting of the sort that became routine in the 1980s.

During what turned out to be the final decade of the Cold War. Bonn governments frequently balked at NATO policies, especially the nuclear initiatives, because many Germans feared that the alliance was liable to turn their country into an atomic inferno.

Now, the Bonn government is more worried than anyone else about the risk of seeing NATO start to fall apart, especially because of German actions.

JOSEPH FITCHETT is on the staff of the International Herald Tribune.

# Eastern Women Look for the Safety Net

By Ann Brocklehurst

RANKFURT AN DER ODER — The high di-vorce rate in Eastern Germany is often explained by the housing shortage. In the former German Democratic Republic, many couples married in their early and mid-twenties because it was the only way of getting their own apartments and leaving their parents' homes. In the case of one-third of the couples, however, any housing bene-fits were soon overshadowed by other problems and the marriages ended in a cheap and easy East German divorce.

Many of the women, who are the product of those broken marriages, are now finding it especially diffi-cult to adapt to life under capitalism. According to government sta-tistics, households headed by single mothers account for 10.5 percent of the population in the East com-pared to 6.8 percent in the West. And in Eastern Germany, where one out of five women is looking for work, women make up some 65 percent of the unemployed.

While life as a single mother was by no means easy under commu-nism, the system was in many ways set up to cope with it. East Germany prided itself on having a higher proportion of working women than any other country in the world and some 85 percent of working-age women were em-ployed outside the home. State day-care centers catered to their child care needs and most cities had facilities that would keep the children for the entire week if the mothers were working overnight or on late shifts. The fees were low for such services, as were rents, and everyone was assured of a job.

in the transitional phase from communism to capitalism, most women are receiving enough money from job creation measures, retraining programs or unemployment insurance to make ends meet, but they are worried about what will happen once these programs run out, as many soon will.

"The retraining program is keeping my head above water," said Manuela Held, a 31-year-old divorced mother with an 8-yearold daughter. "So far, things have been quite good. But the future makes me nervous. If I sit and think about it too much, it makes

me go crazy." Ms. Held previously worked as a word processor at a semiconductor factory, which was the only industry in her hometown of Frankfurt an der Oder, on Germany's Polish border. While parts of percent of funds.

the company have since been pri-vatized, the total work force has been cut to 1,400 from 8,000. No other industry has moved in to replace it, and Frankfurt's future will likely be as an administrative city handling trade with Poland and providing services to Berlin, 80 kilometers (50 miles) away, if and when it becomes the seat of

Ms. Held hopes her current training program as an office ad-ministrator, in which she is learning the commercial word process-ing programs used in the West, will enable her to find work.

According to the federal Ministry of Women and Youth, women in the former GDR formed, in all job areas, a higher percentage of the work force than in West Germany. As a result, unemployed Eastern women come from all sectors of the economy.

OMEN with a post-secondary-school education that did not take place in a often find themselves without a job these days because their qualifications are simply not recognized by Western employers.
Ingrid Brückner who was trained at the equivalent of a commercial college in Saxony and then worked as a men's clothing buyer, is now receiving further instruction in her field to help her find a job.

There are many academics in my program and women who went to technical colleges," she said. "It's very difficult for them because before, they used to be somebody and now they aren't anymore."

In Saxony's textile industry, where some 75 percent of the workers were women, the work force has been cut to 1,300 from 13,000 before unification. The minister of labor, social security, health and women for the state of Brandenburg, Regine Hilde-brandt, has complained that unemployment among women is not taken as seriously as among men and that the death of the textile industry has been a silent one, unlike the closing of major steel plants where the work force was

overwheimingly male.

It is the goal of Angela Merkel,
the federal minister of women and youth, to devote to women a proportion of employment subsidy funds corresponding to their level of memployment. In the case of sining and retraining, this target has almost been reached with women, who occupy almost 62 percent of the retraining spots. In the work-creation program, however, women still receive only 45

East German women searching for work are often unsure of their rights and many complain that prospective employers are not willing to hire older women or women with children. While the birth rate in Western Germany, at one time the lowest in the world, has gradually started to climb again, the birth rate in the East has dropped 60 percent since 1989.

Although the German media regularly come up with horror sto-

through the country's strong safe ty net, most women's biggest li-nancial worry appears to be that their wages will fail to keep pace with fast-rising expenses.

Despite the budget worries, many married women believe that if their husbands have well-paid, secure jobs, they could get by with a part-time position, a solution that was rare in the former East

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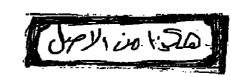
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The Commonwealth of Independent States (CIS) needs access to western market economies. Equally, many

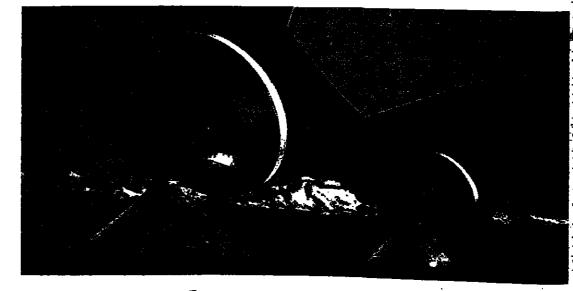
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We tie markets together.



By Randolph Walerins

ONN - Few corporations are hicky enough to go into business debtfree, but Germany's railroads are to do just that in a reform meant to lead eventually to the privatization of the nation's debt-laden rail carriers.

The worry is that even such favorable start-up conditions may not turn the cumbersome operation into a business that can cover its own costs, much less make a profit, experts say.

"Skepticism is justified," a Fi-nance Ministry official said. "But the government sees the privatization as the only chance to make the railroad more successful, or less unsuccessful. There is hardly a railroad operation that covers its OWIL COSTS.

Strictly speaking, the reform will not be a privatization, but a conversion of the operation into a stock company with the federal government the only shareholder. But the move is expected to give managers the room needed to run the business more efficiently.

"The root of the railroads' entrepreneurial weakness is the absence of responsibility at the Railroad Authority," Transport Minister Günther Krause said of the plan. "We are addressing that here by giving the railroads the stock company structure that is aimed at creating an entrepreneurial leadership."

The weakness is illustrated by the railroads' accumulation of what is expected to be 70 billion Dentsche marks (\$43.75 billion) in debt by the end of 1993. The 1992 deficit to be announced in May is expected to be about 15 billion marks.

FTER much wrangling, Bonn officials agreed to spin the railroad off into the stock company on Jan. I, 1994, as the first step in what they hope will eventually be privatization. The creation of the new company would coincide with the merger of Germany's two railroads, the Bundesbahn in the West and the Reichsbahn in the East.

The federal government will pick up the debt burden. The new Deutsche Bundesbahn

pany in 1997 for three new stock companies, one for passenger transport, one for freight transport, and the third for the railbed. Five years later the holding company would be dissolved, leaving three independently operating compa-nies. No one expects shares to come to market before the end of the decade and some do not see it happening for a decade after that.

The proposal is now before parliament. Passage is expected, but the federal and state governments must still compromise on which will pay the costs incurred under a regionalization of local passenger lines. That hitch could delay the ambitious schedule by some

■ HE more important question is whether the reform will stop and then reverse big losses in market share in both freight and passenger hanling. Outside analysts say the first step is necessary, but does not go far enough.

"It won't be enough to solve the problems," said Rainer Münch, an economist at Dentsche Bank. The problem in the end is how the change in the legal structure at the railroad . . . will be implemented in terms of operation That remains unclear in the reform plan, he said.

Relatively small decisions must get approval from Bonn. Investments of more than 5 million marks require approval from gov-

An inclination to favor engineers has resulted in overdesigned and unprofitable equipment. Pas-senger cars, the complaint goes, are built too heavily, making them unnecessarily costly to run

Slow-moving freight trains get in the way of high-speed passenger trains. Computer technology, which could reduce delays caused by signaling has been slow in

Businessmen complain the rail-road does not have the flexibility to get their widgets from here to there with the ease and at the poice that road hanlers can

The decline in market shares bears out the complaints. The Transport Ministry says the rail-road's share of the freight market fell to 24.7 percent in 1990 from 39.9 percent in 1970 in Western · 国民政治主义 · 中国政治国际



The high-speed Intercity Express train.

Germany, while the share of the passenger traffic market fell to 6.2 percent in 1990 from 8.4 percent in 1970. With the nation in recession, another decline in freight hanling is expected when the Bundesbahn releases its 1992 results next month.

Eastern Germany's Reichsbahn has suffered even sharper declines as its freight havlage nearly disap-peared along with much of the region's industry in the aftermath of German unity in 1990.

"If the railroad were to increase haulage by 100 percent, it would reduce the volume carried over the roads by only 12.3 percent," said Berthold Geilner of the German Federation of Industry.

"We have again and again estabhished ... that the price-perfor-mance relationship is wrong in freight transport," Mr. Gelliner said. "The railroad, competing with other freight carriers, didn't adjust its service to customers' wishes. If it's run like an enterprise, we hope

The reform is expected to make it immediately easier to deal with personnel by eliminating the civil servant status of 130,000 of the two railroads' 400,000 employees. investment decisions will also be made by management,

But winning back customers who have found it cheaper and more convenient to travel or send their freight along the nation's roads will not be easy. "On its own, the railroad can't

do it under any circumstances," said Hartmut Kuhfeld, an analyst with the German Institute for Economic Research in Berlin. "It can do it only if fees are also raised for using roads, if transport altogether gets more expensive. "The timing is very unfavorable

because the recession is causing freight traffic to decline and EC liberalization is lowering the costs in road transport."

RANDOLPH WALERIUS re-

# **Telephones: The \$37 Billion Connection**

Telephone exchanges in thousands.

800

600

500

400

200

**Telecommunications in the Eastern States** 

By Conrad de Aenlle

ERLIN — Last year a visitor in the western part of this city tried to phone someone in the eastern part. After a dozen or so ousy signals, he took a taxi over

and the two spoke in person. That's nothing compared with the plight of a businessman in one of the new Eastern states who got so fed up trying to make phone calls that he turned to carrier pi-

At least he lived to tell the tale. In some cases, the waiting list for a elephone in East Germany was so ong that when workers went to install new lines, they found that the customers had died.

Using the phone in the East demands a lot less stamina now, one result of the 60 billion-Dentsche mark, or \$37 billion, program to modernize the region's telecommunications. By 1997, Deutsche Bundespost Telekom, the staterun monopoly, expects to install 5.7 million phone connections, 70,000 pay phones, 90,000 data connections, 96,000 interactive videotext lines, 4.3 million cable television lines and 500,000 mobile phone book-ups in the East.

Actually, to say the East German system is being modernized is to understate the case. Telekom is pretty much starting from scratch, there being very little of the old system worth saving.

When Telekom took over its equivalent on the other side after the Berlin Wall was dismantled, it found only one phone for every 10 persons, compared with nearly one for every two in Western Germany. And there were fewer than 2,000 lines linking East and West.

"In 1990, when the two halves were linked, the East was bad technically and organizationally," said Jürgen Hoffmann, Telekom's director-general in charge of the Eastern states. "It was a situation much like a developing country."

During the 1980s, East Germa-

ny's phone company installed roughly 50,000 phones per year, or just over one for each of its 43,000 employees. That compares with 757,000 installations in 1992, Mr. Hoffmann expects the figure this year to be about 900,000, and he said that most of Eastern Germany should be plugged in by around the turn of the century.

Y the end of this year, all main and regional phone exchanges, which link cities of any appreciable size, will be converted to state-ofthe art digital models and connected by fiber-optic cable, Mr. Hoffmann said. By 1997, all of Eastern

antiquation and inefficiency from Telekom customers. One said she returned from a long vacation and found a bill for 2,000 marks' worth of calls that no one was there to

That may be true, but critics of Telekom — and there are many say that building a phone system more modern than Western Germany's is no great feat.

Germany's local phone exchanges

The telecommunications struc-

ture in Eastern Germany is now

more modern than in the West,"

Mr. Hoffmann said, "because we

should be disitized, as well.

had to change everything."

Philip Townsend, who follows the industry for Bear Steams, notes that in Western Germany, the percentage of digitized ex-changes, a benchmark for a phone network's level of technological advancement, is 10. But in Pakistan, for instance, the figure is 24 percent and in Chile 76 percent.

Mr. Hoffmann said Telekom is modifying some exchanges in the West by adding a digital compo-nent onto old analog switches. These exchanges will be available to users who need services such as data transmission, but for the majority of customers who only need phone lines to talk to people, analog exchanges are good enough and will remain the foundation of the network, he said.

How can a country with a reputation for engineering excellence, the one that gave the world the Mercedes, have such a low-tech phone system? "It's a lot like a Mercedes; they

have heavy, old equipment," re-marked Dimitri Ypsilanti, who heads a telecommunications policy group of the Organization for Economic Cooperation and Develop-ment, "A Mercedes lasts for 20 years. They feel, "Our switches last 20 years, why should we change?" That's the way they've come to

That attitude is reflected in the inexhaustible supply of tales of

700

make. The dispute has lasted more than a year, in part because it is nearly impossible to receive itemized phone bills, something Telekom says is intended to protect

NOTHER client said he asked for his service to be suspended but kept receiving bills. He called to complain but could not get through. Finally, he said, he went in to the office and found workers relaxing at their desks with their phones off the hook.

Telekom executives respond that the company is expanding its range of services and increasing productivity per worker. It will have to. A European Community initiative to deregulate phone service is due to kick in next year, with a fully open market mandated for 1998.

The company's privatization, which officials hope will be approved by parliament later this year, should also compel it to improve service and cut costs. A prelude to privatization, and a suck-ing point that has held up the vote, is modification of labor statutes that give many Telekom workers the protection accorded civil servants. Without a change in their status, Telekom will not be able to lay off the many thousands it will need to for the company to be

competitive. Privatization is critical for Telekom's modernization program. good as the rest."

The cash a share sale would generate would help defray the massive costs, which have forced Telekom to borrow heavily.

Number of business subscribers as of

Jan. 1, 1993, in thousands.

New connections

"Germany faces a double expenditure," Mr. Townsend said. Not only does it have to bring the Eastem states up to speed, but "the West has to make its systems compatible with the rest of Europe. Italy, for instance, is spending \$8.8 billion a year on its phone network, and British Telecom spends \$2.5 oillion a year.

Those are big numbers, espe-cially in a shrinking economy. Mr. Townsend wonders if Telekom will be able to follow through with its ambitious plans for the East.

"It's certainly going to be diffi-cult," he remarked. "Will the situation deteriorate so much that we [from projected levels]? Germany is going to say no, we're not going to do that, but depending on how bad the recession gets, it may have to." It may already have. A spokes-

man for Deutsche Telephonwerke, a supplier of phone equipment to Telekom, said some of the work Telekom had planned for this year had been pushed back to 1994. "It's a question of capital for Deutsche Bundespost," he said.

'It's not able to continue the modemization at this tempo." Nevertheless, making a phone call in the East should continue to get easier.

"In Eastern Germany, they've got big brother Western Germany to help them," said Mr. Townsend. "They should put their system up and running in five years to a decade. By then, their telecommunications system will be as

# Leipzig Bourse Seeks to Make Its Mark

By Brandon Mitchener

RANKFURT - When East German state governments, local communities and companies need to raise money, they now have little choice but to trek to Frankfurt, Germany's banking capital, hats in hand Within a year, however, that

could change dramatically. Saxony, the Eastern state that has made the most progress in reconstructing, is determined to reopen a stock exchange in Leipzig a booming banking, trading and media city, and the state has the support of 21 local officials

"Our plan is to increase the competition [with Frankfurt] by creating a local bourse with local investments," said Harald Degner, a retired former head of the Hamburg stock exchange and an advis-er to the nascent Leipzig ex-

change.
"Saxons are great savers and want to invest their money," he added, "but they want to keep it in the region, not see it migrate to Frankfurt." Despite a cold reception in

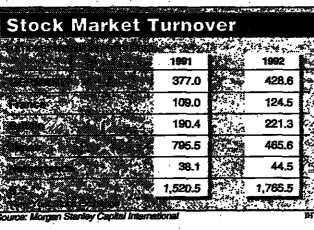
Frankfurt, competition between frankfurt, competition between the two trading centers is expected to be friendly because Leipzig rep-resents little threat to Frankfurt's preeminence in dealings with blue-chip stocks and bonds. In-deed, Frankfurt accounts for 70 percent of stock and bond turnover on Germany's eight operat-

ing stock exchanges.
Instead, the Lenzing exchange is mainly seen as an alternative source of funds for East German states and local communities, which need to issue billions of Deutsche marks of debt to help-finance infrastructure projects, as well as for recently privatized companies that are cons small to issue shares in Frankfurt.
Only one East German company
to date, the dairy group Sachsenmich AG, has floated shares in

It could also eventually help in the privatization of companies still in the hands of the Berlin-based Treuhandanstalt, which is considering the viability of bundling companies together in holding structures that could eventually go public, About 2,500 Treuhand companies are still seeking outside investors.

The new exchange, Germany's ninth, already exists on paper, and is to begin trading local bonds this fall. Called the Mitteldentsche Borse zu Leipzig, it resurrects the prewar name of what was once Germany's second largest stock exchange, after Berlin, serving the region including Saxony, Saxony-

Anhalt and Thuringia.
In addition to helping regional interests raise cash, a regional bourse is likely to reinvest most of its commission income in the area.



rather than see it siphoned off by Prankfurt, supporters say. It also serves a flagship function, remind-ing outsiders that Leipzig boasts more than 50 financial institutions, including German and sev-

eral foreign banks.

The Leipzig exchange's steering committee includes local government officials, savings and loan institutions, banks, a few compa-nies and the local chamber of commerce. The local government has guaranteed 6.5 million marks (\$4

his idea in the West, where the clear trend has been toward greater centralization of stock and bond trading in Frankfurt. "The Leipzig exchange doesn't have a chance," one Frankfurt stock exchange official said blunt-

ly, asking to remain anonymous.

The country's biggest banks. which own 80 percent of Deutsche Borse AG, the holding company for the Frankfurt exchange, are equally uninterested, although sources said it is unlikely they will stay caused they see Fast German stay away if they see East German clients flock to local banks to buy million) in startup credits.

Dieter Rudorf, a former state their local securities. The other seven regional stock exchanges, meanwhile, in Dessel-

finance secretary in Dresden who is the Leipzig bourse's chief champion, has had a hard time selling

للا

dorf, Munich, Berlin, Hamburg, Stuttgart, Hannover and Bremen, are themselves worried about losing business to Frankfurt and therefore also not particularly responsive to Leipzig's ambitions. Berlin, in particular, being sur-rounded by Eastern Germany, would like to be seen itself as the region's first address for stock and bond transactions.

While Leipzig has its sights turned inward, focusing on region-al needs, Frankfurt is more worried about London and increasin international competition in financial transactions. In particular, Frankfurt has

been promoting a series of computer innovations that now let members elsewhere — even in other countries - conduct stock. bond and futures transactions on Ibis, the Frankfurt exchange's electronic dealing system, now provides a large part of the busibourses, which in turn have taken a 10 percent stake in Deutsche Borse AG, the holding structure. In January, the Deutsche Ter-

minborse, the futures and options exchange, announced an agree-ment with Marché à Terme International de France, its French counterpart, to sell each others' products and standardize their trading tools within a few years.

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### **Economic Slide Rekindles Debate on Capitals** of democracy stands or falls with the

By Michael Farr

ONN - Two-and-a-half years after the formal celebration of German unification, Berlin remains a capital in waiting — waiting for the overdue arrival of the federal government.

Members of the Bundestag (parliament) in Bonn voted by a surprisingly large margin in the summer of 1991 for Berlin to be reinstated not just as the German capital, which it automatically became with the country's unification in October 1990, but also as the future seat of government.

Aware of the considerable planning. logistics and upheaval involved in the move from Bonn, they set no date but made clear that it was expected to be effected later this decade and certainly by the turn of the century.

Although excited and impatient over its new status and responsibility. Berlin was prepared to wait those few years and in the meantime transform itself back into the bustling metropolis it was before its wartime destruction and the ensuing division of Germany.

But Germany's slide into its most serious economic recession for more than a decade and the spiraling bill for unification have, to the frustration of Berliners. renewed the debate about the cost and timing of the move to Berlin.

Although general elections and a new legislative period are due in the fall of 1994, Bonn politicians now see 1998 as the earliest date for transferring the parliament to Berlin, something that could only take place at the start of a new

legislative term. Indeed, 2002 is seen as a more likely date and some members of parliament favor pushing the move even further back into the new century.

Any delay is being vigorously opposed by Berlin's mayor. Eberhard Diepgen, a leading member of Chancellor Helmut Kohl's Christian Democratic Party, as well as by politicians in Eastern Germany, who believe the government's absence from Berlin is interpreted by many in the East as a lack of commitment to solving the fundamental economic difficulties it is facing.

Hartmut Perschau, interior minister of the East German state of Saxony-Anhalt, warned recently that a delay in the government's move to Berlin "would set off a serious crisis of trust and further undermine Eastern Germany as a place for economic investment."

Mr. Diepgen's great hope, which seems increasingly unlikely to be realized, is that the government will be installed by the turn of the century and that Berlin will be able to celebrate its re-emergence as a reunified world capital by winning the right to stage the Olympics in the year 2000. The venue of the Games is due to be decided this September.

To compensate for the delay in the government's move. President Richard von Weizsäcker, whose role, although largely ceremonial, is influential, has declared that he will be performing an increased share of his duties in Berlin. Mr. Kohl has also said he plans to step up his presence in the capital from the end of this year. Both politicians were among those who came out for Berlin in the original debate on whether the govern-

Mr. von Weizsäcker, whose term of office runs out at the end of June 1994, has decided not to wait for the renovation and conversion as the presidential seat of the Kronprinzenpalais (Crown Prince's Pal-ace) at the top of Berlin's most historic boulevard, Unter den Linden, and to use instead his existing official residence in West Berlin, the elegant 18th-century Schloss Bellevue beyond Tiergarten park.

Mr. Kohl, meanwhile, has settled on the solidly impressive Villa Borsig as his provisional Berlin workplace and seat. Otherwise, the move to Berlin remains

subject to such redevelopment projects as the government quarter of the Reichstag, the prewar parliament building, and the Spreebogen, or loop of the river Spree that runs behind it. HE whole operation is, for the

most part, still in the planning stage and its cost remains difficult to quantify, although estimates have ranged from 17 billion to 70 billion (\$10.5 billion to \$43 billion), figures that are disputed by the speaker of the Bundestag, Rita Süssmuth. She puts the cost at 3 billion (\$1.8 billion) over a 10-year period, an estimate that other politicians, including Ingrid Matthäus-Maier of the opposition Social Democrats, who herself advocates putting the move back to 2010, reject as "ridiculous." Irmgard Schwätzer, the federal construction minister, calculates that the move of government and parliament will cost about 7 billion (\$4.3 billion).

Discounting talk of further delay, Ms. Süssmuth predicts that the Bundestag will be able to move to Berlin in "four to six years." She adds that "the credibility

To speed the process, Hanna-Renate Laurien, speaker of the Berlin Senate (par-liament) and Volker Hassemer, the senator for city planning for the Berlin state government, have suggested without much success that while the Reichstag is made ready, parliamentarians could occupy the former Prussian state parliament building, which is more capacious than their current accommodation in a converted Rhineside waterworks in Bonn.

adherence to the decision to move to

In a comment earlier this month, the daily Frankfurter Allgemeine Zeitung noted: "If Bonn really wanted to, it could move without the new buildings; the restructuring of the center of Berlin turns out to be a waste of time and money."

Gunter Rexrodt, the federal Economics Minister, has called for a quick and economical move to the capital. "If we have less money, we must lower our expectations for the buildings," he said.

Otto Lambsdorff, leader of the Free Democrats and a former economics minister, said a renewed discussion about the move must be avoided. By rekindling such a debate, parliament would "make itself ridiculous," he said. Economies, he noted, were needed but a postponement

And Cornelia Sonntag, Social Democrat spokeswoman, added that people anyway had little understanding for "a de luxe seat of government."

MICHAEL FARR, the author of two new books on Germany, is based in Bonn.

memory. In 1990. France's trade

gap with Germany was 42 billion francs, and in 1989, 59 billion

Despite the widened gap last

year — due mostly to a 3 percent

decline in exports caused by lower consumption by a German econo-

my entering recession - experts

say the major gains of the past few

years are not likely to be surren-

"This gain is solid," said Jean Alzamora, a French government analyst specializing in French-German trade. "We won't go back to the deficits of the late 80s."

Mr. Pietsch of Commerzbank said that France has succeeded in

its gains in competitiveness by "following the German model," and he said that as long as French

inflation, currently running around 2 percent, is kept in check.

As Germany's biggest supplier,

France was well positioned to

profit from unification, which

prompted a strong demand for consumer goods that German

manufacturers could not meet

In 1991, French exports to Ger-

many jumped 13 percent to 223 billion francs, building on an 11 percent increase in 1990. The gain

mostly reflected industrial export

growth, particularly the automo-tive sector, where French brands

—led by Renault's small Clio and middle-range R-19 — have cap-

tured some 16 percent of the market in Eastern Germany.

In 1992, with German manufac-turers fighting back and the over-all market in sharp decline. French

auto exports fell 19 percent to 17.5 billion francs. However, that is

still 73 percent more auto exports

than the French registered in 1989. German exports to France.

meanwhile, were flat last year at 236.1 billion francs, despite a 23

percent jump in auto exports, to 24.4 billion francs.

JACQUES NEHER is a financial

# Red Tape and Public Fears **Hamper Genetics Industry**

By Peggy Salz-Trautman

100 DD

ONN - While outside competition is made to take the blame for Germany's loss of leadership in microelectronics, fiber op-tics and cameras, hurdles within Germany such as government bureaucracy, tedious approval pro-cesses and a skeptical public may rob the country of its competitive edge in biotechnology.

For the majority of Germany's

chemical companies, the effort spent filling out forms and battling government bureaucracy is time and money wasted when it comes down to conducting research and development. In short, one chemical engineer notes, "We're filling out forms to O.K. genetics engineering while others (in the United States) are filling out patents."

Indeed, the process from project to production can take years and cost thousands. While government approval for such research in most of Europe and the United States involves only a handful of officials, the procedure in Germany is subject to the approval of at least 20 different authorities, coverin every legislative level from local community councils to federal government ministries.

What this amounts to, one chemical company executive notes, is "having a great idea but no way to realize it." The process is seen as too detailed and too long. As a result, the executive continued, "the chemical industry sees yet another case against Ger-many as a *Standort*," or business location.

Whether or not Germany is an attractive location would not be such a topic of concern if it were not for the potential Germany has to be a leader in biotechnology.

CCORDING to Dieter Jahn, vice president of biotechnology at the Ludwigshafen-based chemical company BASF, Germa-ny has long held and deserved its reputation as the "world's phar-macy," but is in danger of losing it when it comes to genetic engineer-

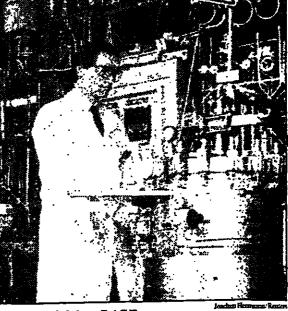
The European Federation of Chemical Industries, for example, estimates that the market for genetics products, which totaled 10 billion Deutsche marks (\$6.25 billion) in 1990, will grow to exceed 166 billion marks by the year 2000. Mr. Jahn asks: "Is Germany passing up this growth market?"

If so, he said, it is not the fault

of the chemical industry. Indeed. he said he and his peers were fighting to keep Germany a Standert for genetic engineering, no matter what."

But BASF cannot ignore the mounting disadvantages to doing

business in Germany. When BASF dealged to isolate and examine an ordinary enzyme complex, government approval of the project required 10 researchers to fill out some 27.5 kilograms (60 pounds) of forms at a cost of approximately 50,000 marks. State



Genetics research lab at BASF

regulations required BASF to fill out each form 11 times.

In 1989, after four years of plan-ning, BASF decided Germany was not the proper location for its biotechnology facilities after all. In March, BASF began construction of its Bioresearch Corp. in orcester, Massachusetts.

BASF says it chose the United States for three reasons: the quantity and quality of surrounding biotechnology institutes and universities, the public acceptance of genetics as a respectable science and the lack of government bu-

For Dietrich Brocks, head of the metabolism group at Hoechst AG in Frankfurt, there is something 'schizophrenic" about Germany's relationship to genetic engineering. The majority of people, Mr. Brocks says, want the jobs it creates and the cures it can offer, but do not want the work to be done within the country.

A recent poll conducted by Germany's Sample-Institut reported that 61 percent of those interviewed were against genetic engineering, while only 35 percent sup-ported the science. But, when it comes to developing a possible cure for cancer or AIDS, 74 percent said they favored genetic engineering after all.
In 1984, Heechst asked authori-

ties to approve its plans to genetically engineer and produce human insulin. Although two government agencies declared the procedure to be safe and approved the process, the state court of Hesse denied the company's request in 1989, adding that it was "at least comparable in danger" to the peaceful use of

atomic energy.

Hoechst is still waiting for court approval of its insulin production. Eckard Linnenkohl, spokesman for Initiative Genetic Engineering. an information campaign, admits

Companies Learn 'Just in Time'

industry has a hard time in Germany but adds there are "faint but positive signs" the country may be on road to a change in attitude.

Following a three-month advertising campaign in major newspa-pers, the group received over 4,000 replies. "That," Mr. Linnenkohl said, "is 100 times more than we would ever dream of receiving. Still, he said, much has to be done to calm the "public hysteria" sur-

rounding genetics engineering.

According to Manfred Ritz, spokesman for the Frankfurtbased Federation of Chemical Industries, the majority of Germans are quick to associate genetic engineering with the "making of mon sters." Young people are especially skeptical. They fear the know-how could produce sheep with goats heads . . . or someday fall into the hands of a right-wing radical who would use it to produce a perfect race."

Indeed, Hoechst's Mr. Brocks said, "Public acceptance of genetics is the industry's biggest hur-

The industry hopes the government will make good on its prom-ise to push for change in Germany's outdated genetics engineering laws. Parties in the ruling coalition have indicated they will approve measures to cut bureaucracy and streamline permit procedures for chemical companies, while the opposition Social Democrats and Greens say they may oppose such

If the government does not act now, it will pay later, Mr. Ritz said. "Industry will make a larg detour around Germany-. . forcing it to lise its head start long before the real race has

**PEGGY SALZ-TRAUTMAN** is a Bonn-based writer specializing in

### Trade: Is France Catching Up? The Trade Picture O

Germany and France are each other's No. 1 trading partners, with France running a chronic deficit with its more powerful industrial neighbor. In this article, Jacques Neher reports on this evolving rela-tionship from the viewpoint of Paris.

By Jacques Neher

ARIS - With its central bank about to be set free. France could soon give Germany a run for the

Economists say that Prime Minister Edouard Balladur's plan to give the Banque de France the same measure of independence as the Bundesbank could set off a

They say that the economic fundamentals have changed so much between Germany and its No. 1. trading partner over the past few years that, with French monetary policy unshackled from political control, the way would be opened for the franc to gain new force against the Deutsche mark.

significan! shif! in attitude about the currencies of the two coun-

Such a turn of events would

boost the flow of international capital into French equities and bonds, while continuing gains in productivity consolidate the much-improved position of French exporters on the German

"It's all coming together so that there could be a fundamental strategic realignment between the much larger, productive, dynamic economy that was Germany and the France of today," said Paul Horne, international economist with Smith Barney in Paris.

France has outpaced Germany in the productivity race to the point that Daimler-Berz recently pointed to the French automakers Renault and Peugeot, along with the Japanese carmakers, as examples of productivity to which the German industrial giant should

"That's really something," said Mr. Horne, "It tells you how much

things have changed." Mr. Baliadur said earlier this month that central bank Indepen-dence - , alled for in the Masstricht treaty on European monetary union - would permit the Buzque de France "to initiate a constructive dialogue with the other central banks, and notably the

Beyond the political significance of such dialogue for advanc-ing the aims of the Maastricht treaty, independence, economists say, would give the franc more credibility in international markets, thus reducing its "risk premium" of more than a percentage point over the mark in the market for short-term bonds. By the end of the year, David

Harrington, economist with DLP-James Capel in Paris, predicts the differential of bond yields with Germany "should have narrowed to negligible proportions. Once convinced the French central bank is really operating auton-

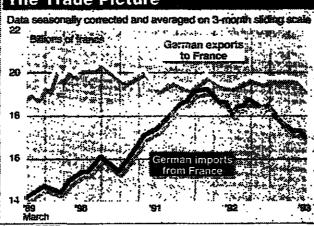
omously, economists say the market will likely re-examine the fundamental economic realities in the two countries, causing the franc to rise against the mark. Mr. Horne envisions a Deutsche mark at 3.36 francs, or even 3.35

francs - its central pivot rate by year-end, from around 3.38 francs currently. Some analysis even envision the franc generating so much confi-

the European Monetary System.

Frankfurt, said that while the franc will likely gain in stature, a total shift in market attitude about the two currencies is "impossible" because the franc "is not an international currency like the mark." What's more, he said that it takes "many years, even decades to establish a currency."

dence that it supplants the mark within a year or so as the anchor for merchandise trade with Germany



was in deficit by 20.5 billion francs (\$3.7 billion), up from a deficit of However, Peter Pietsche, econo-12 billion francs in 1991, which was the best performance in recent

mis: with Commerzbank in

ONN — For decades, the traditional formula for industrial success seemed to work: Gather great scientific minds together in a think-tank, allow them an unlimited budget and wait for their passionate research to produce a product breakthrough.

But fierce international competition combined with the bectic pace of technology is teaching many companies a painful lesson. Having an idea is good, but bringing it quickly to market is better. Flexibility is a must for survival. German industry, analysts warn, is standing at a crossroads.

A lack of flexibility and an al-

most "fanatical" preoccupation with perfection are what Wolf-gang Dernbach, managing direc-tor of the Frankfurt-based consultancy Diebold Germany, argues could cost the country its competitive edge. Companies have to free the potential of their product managers and research teams from the shackles of outdated hierarchies and overly complicated manufacturing methods or face the danger of losing that potential

And German industry must also embrace a different approach to teamwork. If German companies want to compete, analysts say. they have to follow the example of other industrial powers and form flat management structures and interdisciplinary product teams. For a country that believes in strict divisions of work and the absolute authority of management, one British analyst notes. this almost amounts to heresy." Germans, the analyst continues.

must get away from the notion that a researcher only researches and a marketing manager only markets. Only groups of experts who represent all aspects of the product life cycle can cut the time to market and increase quality.
The idea is not new. The majority of Japanese and American

companies have been practicing it for almost a decade. Now some for almost a decade. Now some German firms, spurred by foreign competition or the effects of a world economic slowdown, are breaking out of their mold. And many are emerging as technology leaders rather than followers. Volkswagen AG in Wolfsburg

was one of the first. With the guid-ance of Ulrich Seiffert, member of the VW managing board in charge

of research and development, the company has taken on a more active role in communicating with its systems suppliers and has adapted to the principles of simultaneous

Simultaneous engineering means that all departments necessary to the product cycle are involved from the start and work together on the outcome.

This approach saves money because it reduces product modification and limits the recirculation of the design through the diverse de-partments involved in product

Having an idea is good, but marketing it quickly is better.

R&D and manufacture. In short. Mr. Seiffert said, "conflicts are discussed and settled earlier in the development process." This saves time, money and nerves.

Also, the system requires that researchers go out and experience firsthand all aspects of the production process. For this reason, R&D teams work on the assembly line to learn the problems of manufacturing and how to avoid bottlenecks; they participate in test drives with customers to better un-derstand their wants; and they discuss problems with suppliers.

Ferdinand Piech, the head of VW, said in a recent newspaper interview. "Our solution, "is a combination of European strength in innovation and the Japanese method for making constant im-

provements."

Despite the popular argument that German companies must copy the Japanese in order to comperion the marketplace, a growing number of companies like VW want to try a more daring approach. Diebold estimates that well over 30 leading German companies are taking the chance.

Rather than damning the Japanese competition for the industry's wees. Telenorma GmbH, one of Germany's leading telecommunications technology companies and a subsidiary of Robert Bosch GmbH. is another company fight-

First Telenorma's board of directors recognized the need to restructure product divisions, re duce bureaucracy and rethink its complete approach to R&D - then it hired Matti Otala.

Mr. Otala, a 53-year old native of Finland, joined Telenorma in 1990 where he now oversees the compa-ny's complete R&D operations and is responsible for two of its main product divisions. Mr. Otala had held a number of top positions at electronics companies such as Nokia in Helsinki and Harman Kardon in Nagoya, Japan.

Mr. Otala says his years in the Far East taught him the importance of teamwork. The experience, he adds, has also confirmed his belief that the Western style of management often ignores its single most important resource, individual initiative.

The only answer to this dilemma, according to Mr. Otala, is open teamwork, in order to, as he puts it, "turn the Western pyramid structure on its head and take the glamour out of being boss."

INCE 1990, Telenorma has removed one comp plete layer of middle man agement and reduced its administration personnel by a

Mr. Otala also introduced his colleagues to the idea of "just-in-time R&D," a teamwork-based concept similar to simultaneous engineering. It directs scientific genius toward concentrating on the core issue of satisfying custom

Mr. Otala said that just-in-time R&D allows a company to beat competitors on two fronts: It yields a product that is one better than what the market offers, and it guarantees the product makes it to the market on time.

But, Diebold's Mr. Dernbach argues, "It's not enough if only ind industry giants are breaking away from the structure which were strangling their potential."

is pr With th

Small and middle-sized compa small and middle-sized compa-nics, which make up 90 percent of a Germany's industry base, also have to get away from the "non-sense notion that doing it right means only doing it your-self... the old and accepted way," he said. They also have to learn to "reject the urgs to do learn to "reject the urge to do everything perfectly right down to the production of the last screw."

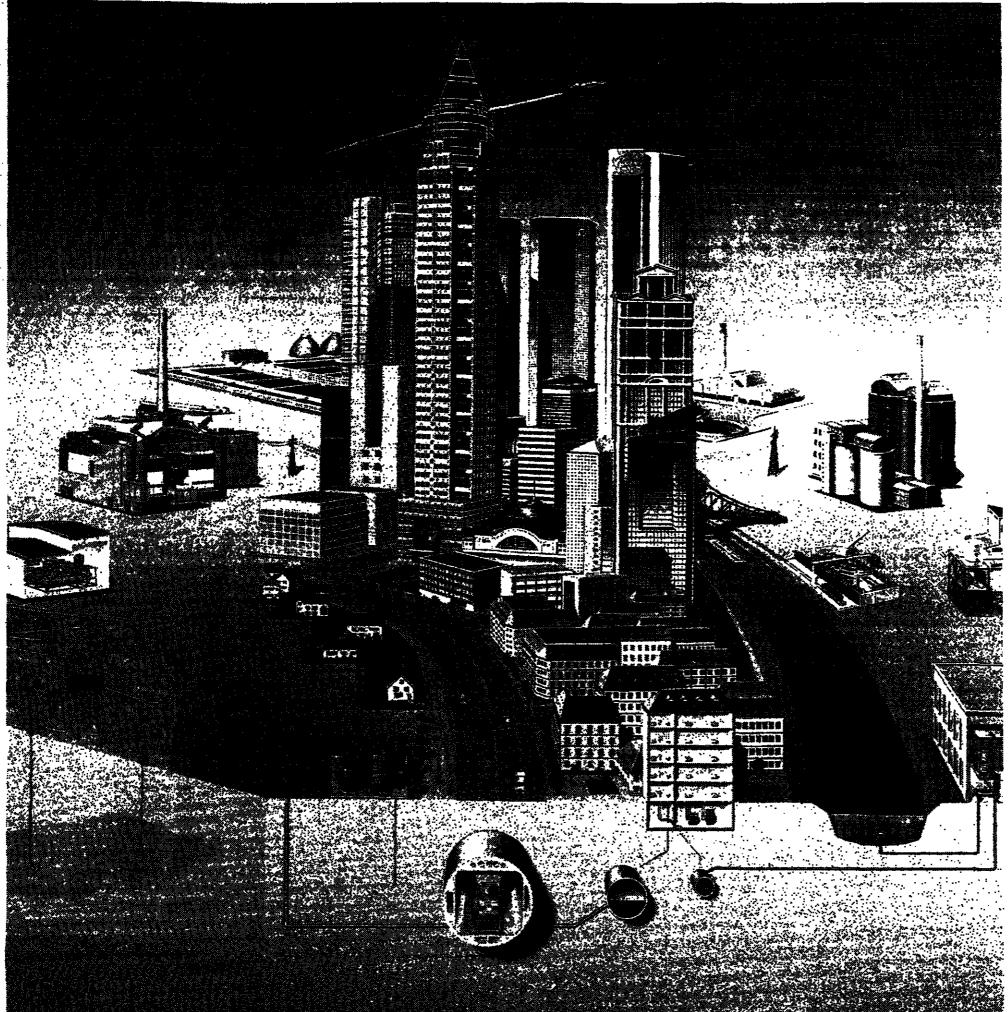
Peggy Salz-Trautman

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# Invisible Wall Separates Readers of Berlin's Press

By Michael Kallenbach

ERLIN — Three years after the fall of the Wall, Berlin's press remains as divided as ever. Readers in the East are sticking to papers they knew before the peaceful revolution of November 1989 that toppled the Commu-nists. And in the West, people have proved to be just as inflexible when it comes to changing their reading habits.

Since unification, the daily newspaper market has been thrown into turmoil. New titles quickly appeared, hoping to cash in on new readers; but just as quickly, they folded for lack of funds

Andreas Kinksy, media planner at the Dorland advertising agency in Berlin, pre-dicts that the situation will not change for some time. "Until those living in the East reach a standard of living on a par with those in the West, the newspaper market will continue to be divided," he said. "It is hard to imagine that a completely new newspaper will try to make inroads in an already crowded market, but for the time being, there seems to be little that papers can do to increase their readership."

Surveys show that readership levels have settled down since unification.

"In the beginning, people were curious to see what was out there, but now they've spent their money on other things and don't seem to have spare cash to try out new papers," Mr. Kinsky said.

Despite the recent chaos, the powerful publishing concern Axel Springer still holds the rights to being the cornerstone of the Berlin newspaper market through the titles of BZ, Bild and the Berliner Morgenpost. Now its foothold will be strengthened when

the German national daily Die Welt moves from Bonn to Berlin at the end of May.

The tabloid BZ is sull Berlin's favorite paper, with average daily readership of about 329,000.

But what has emerged as probably the biggest challenge to the established West-ern-based publishing houses is the revamped Berliner Zeitung, a paper that had been a staunch supporter of the former Communist government in East Berlin. With the blessing of the Treuhandanstalt, the agency charged with privatization of East German firms, the late British-based press baron Robert Maxwell and Gruner & Jahr became its new owners.

They appointed a former editor of the newsmagazine Der Spiegel, Erich Böhme, as publisher and moved to hire a team of experienced reporters from the West, while at the same time retaining several East German journalists to help steer the paper in the direction of their readers' needs.

The paper's news reports and analyses are relatively short compared with other quality papers. However, it sees its main purpose as dwelling on problems and solutions besetting the Easterners. Possibly because it is oper than Western-based papers, it has also built up a steady readership in the western part of the city.

Admittedly, its original goal of trying to become a national along the lines of the Munich-based Süddeutsche Zeitung has not been realized. The paper is widely seen as a success with an average daily circulation of over 266,000. This is still ahead of the Berliner Morgenpost (201,500) and Der Tages-spiegel (128,200), two West Berlin publica-

On an average week, the Berliner Zeitung manages to capture about 125,000 readers in

the West, as opposed to the 27,000 that Der Tagesspiegel has in the East.

Speaking of the success that the Berlines Zeitung has had, Manfred Volkmar, head of the Berlin Journalist School and former publisher of the Spandauer Volksblatt, says: "Under the new leadership, the paper has concentrated on Berlin topics and problems, and has had considerable success doing

For the newspaper world, unification has meant relaunching old titles, massive redesign and restructuring, new computer installation, modern printing presses and a new

VEN the serious and often deadly boring Tagesspiegel - it was the first daily to be given a license to print by the American authorities after World War II - has had to look for funds from elsewhere. After investing 100 million Deutsche marks (\$63 million) on new printing presses, the paper has failed to attract new readers, its circulation having dwindled since the fall of the Wall. Last September, the Stuttgart firm Holtz-

brinck, which owns Germany's financial daily Handelsblatt and six other regional newspapers, came to the rescue by buying a 51 percent stake in the company. With this investment, the paper hopes to reach its goal of being "an opinion-forming paper, produced in the capital for the capi-

tal" by the time the government moves from Bonn to Berlin - assuming such a move While the Berliner Zeitung might appear

pleased with its modest success, its rivals, not surprisingly, see things differently.

"They are the losers," said Wolfgang

Ludowig, publisher of the Berliner Morgen-post, "When the GDR still existed, the old Berliner Zeitung had 440,000 readers. Now

that figure is down considerably."

"The competition for new Berlin readers is as fierce as it was during the '30s," said Ulrich Schulze, now deputy editor of Der Tagesspiegel. Formerly with the Frankfurt-er Allgemeine Zeitung, he is one of three senior editors brought in to breathe new life

into the paper Both Mr. Schulze and Mr. Ludowig point to the lower wages and costs that East Berlin printing houses have compared to the West. East German salaries are not yet at a par with those in the West and papers put together in the East cost less, too.

But surveys show that when it comes to seeking out higher income earners, Der Tagesspiegel is the paper that advertisers turn to. In an average week, 108,000 readers of Tagesspiegel earn more than 5,000 marks a month as compared to only 52,000 readers

of the Berliner Zeitung.

Among the less successful titles that made brief appearances in Berlin in recent months and closed soon afterward are Rupert Murdoch's attempt with Burda Verlag at a downmarket tabloid Super!, as well as Kur-ier am Abend, Die Tribune, Der Morgen, Deutsche Landblatt and Extra.

Meanwhile, the darling of the left-liberal readership, Taz (Tageszeitung), has made yet another appeal to its faithful band of readers for more money to help keep it alive. The paper has the policy of paying all its employees, from junior reporter to editor, the same and has an average daily circula-

MICHAEL KALLENBACH is a journalist

# New Weeklies Battle for Share Of the Print Media's Market

By Douglas Sutton

AMBURG - As if the German press didn't have enough to report on already, the news publishing business itself has been a major topic of coverage in

After the scramble by the publishing companies in 1990 and 1991 to buy up East German newspapers and build up a new market of readers in the erstwhile East Germany, the powerful publishing houses are now aggressive by fighting each other for every fraction of a percentage point of the German market.

Within the span of a few weeks, three new magazines and newspa-per-style weeklies were launched by Germany's major publishing com-panies, challenging the established Der Spiegel, Die Zeit, and Stern-Mid-January saw the debut of

the weekly magazine Focus by the Munich publishing company

Burda Verlag, which announced a head-on challenge to Der Spiegel. A month later the tabloid-format weeklies Die Woche and Wochenpost, amounting to smaller-scale versions of Die Zeit, were launched. The lead-up to the launch resembled a film comedy staged by the Hamburg-based publishing companies Hoffmann and Campe and Gruner & Jahr, as each rushed to move up its first issue several weeks in advance to try to beat the other to the newsstands, only to end up making their debuts on the same day.

Ultimately, it will be left up to the readers to judge whether the extra quantity has added anything to the quality of the German print media landscape.

UT judging from the first several issues of the newcomers, it appears that the field of investitive journalism, in which scandals are uncovered and politicians are put on the defensive for their deeds, will remain the turf of Der Spiegel, and to a lesser extent.

Still, in the case of Focus, at least, the newcomer represents a fresh breeze in terms of style and layout compared with Der Spiegel.

As an example of the kind of clout and money that are at stake, Burda, a publisher of several pop-

ular glossy consumer magazir has now committed 160 million Deutsche marks (\$100 million) in what is to be a four-year trial to see if Focus can establish itself.... Burda Verlag is so far happy

with the results of its venture, con-vinced that Germany, with its population of 80 million, is large enough to accommodate two news weeklies. It is backing its new magazine with an aggressive advertising campaign seeking to draw readers away from Der Spie-

gel, with its weekly paid circula-tion of nearly 1.2 million. With four-color printing, and jammed with lots of art, graphics, charts and photographs, Focus, which costs 4 marks per issue, one mark less than Der Spiegel, is maintaining a start-up circulation of some 600,000. It is a news-bulletin-style magazine in which stories run a maximum of two pages.

speaking is not a real newcomer, but it is now for the first time trying to gain a nationwide reader-Founded 40 years ago by the

East German Communists. Wo-chenpost had a readership of some 1.2 million readers in its heyday. After the fall of comm Gruner & Jahr and late British publisher Robert Maxwell bought the paper in a 50-50 venture, and after Maxwell's death, the Hamburg company became full owner. By this time, however, Wochen-post's readership had dwindled to around 100,000, mostly in Eastern Germany; the challenge for edi-tor-in-chief Mathias Greffrath, a

Using modern design, color and layout techniques, the new weeklies are out to capture a younger generation of readers.

The aim of Focus, according to media specialist Adolf Theobald, a former business manager at Der egel who wrote an analysis in Die Zeit, is to capture a younger

generation of Germans. Describing Focus as "printed radio, and in color on 10p of it," Mr. Theobald believes the new weekly is aiming at people who grew up on TV and computers, "to whom books mean [computer] handbooks and who want their information about the world to be

reduced to 'yes-no' decisions."

Mr. Theobald is not totally dismissive of Focus, saying that in fact the new weekly is a "serious" illustrated magazine, but that it is not a news magazine.

There is a world of difference eparating Focus from Spiegel. but only a half-world separating it from Stern," he commented. Meanwhile, Die Zeit, with its

weekly circulation of about 497,000 and with Helmut Schmidt, the former Social Democratic chancellor, as one of the copublishers, assuring a determinedliberal view of events in postunification Germany, now has two competitors in Wochenpost and

Like Focus, the two weeklies offer a major difference in look compared with Die Zeit. Using modern design, color and layout techniques, Die Woche and Wochenpost also say they are out to capture a younger generation of

The Berlin-based Wochenpost, belonging to Gruner & Jahr, which also owns Stern, technically former Die Zeit editor, is to find, at minimum, a further 50,000 readers in the West while preventing the loss of readers in the East. With two-thirds of its editorial staff from Eastern Germany, Wochempost believes its coverage of affairs does reflect the sensitivities and concerns of that region better than its competitors. And it is counting on its low newsstand price —2 marks, which is half the price of Die Zeit - and on a 2.5 million-mark advertising cam-

venture succeed. At Die Woche, backed by a 5 million-mark advertising cam-paign, editor-in-chief Manfred Bissinger says his paper is suc-ceeding both financially and in terms of its goal of finding new

paign to make its Germany-wide

EEKLY circulation for the paper, priced at 3.50 marks, is now steady at 120,000, after a start-up run of 200,000, and both advertising and subscription sales were proceeding better than had been anticipated.

"We're aiming for readers who do not have very much time but who still want information about events," Mr. Bissinger said. "This is why we restrict each issue to 40 pages, and why the articles are brief and to the point."

Mr. Bissinger added that the strategy is evidently working, beuse "we now have readers who told us that for years they hadn't bought any of the weekly publica-

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# Berlin Walls of Redevelopment Going Up

Continued from page 14

fayette department store. The addition of a seventh floor to the KaDeWe department store in the western half of the city is regarded by many as a preemptive strike in the battle for retail supremacy in

Berlin.

Much of the plans for the city represent a leap ahead to the past. The layout of the new Berlin looks

a lot like the old one. The center is being shifted east to the area around Alexanderplatz and Marx-Engels-Platz, the hub of city life in prewar times. This will be home to a number of new or refurbished city and state government buildings and commercial ventures.

We're looking for a way to use the big open spaces the war and socialism left us," a city planning spokesman explained. "It's not very lively there now."

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Planners insist that West Berlin will not be shunted aside and that not all the new activity will be concentrated in the East. They expect the West to remain the center of Berlin's financial and banking munity, for instance.

We will have a system of very important points in the center of the city, not just one," lifr. Has-

The sections of West Berlin undergoing the greatest upheaval are

the industrial zones that sprang up during the years of division in neighborhoods near the Wall like Kreuzberg. Now many companies there find they cannot afford to stay and are moving out. Deutsche Telephonwerke, a

maker of telecommunications equipment, expects to open a fac-. tory this summer about 30 kilometers, or 18 miles, northeast of the city in Hoppegarten, transferring 500 of its Kreuzberg employees.

We needed a modern production facility to compete, and we couldn't do it here," said Horst Rödiger, a spokesman for De-TeWe, as the company is commonly known. "Kreuzberg is part of the city now, from the point of view of traffic and the cost of building if DeTeWe continues to

grow, this [new] plant can grow."
What makes doing business in sections of the old West Berlin so expensive is not just the cost of land and the higher wages needed to keep staff, but the fact that the German government is no longer paying companies to stay there. In 1990, subsidies and tax preferences from Bonn to the state of Berlin and its businesses and individual taxpayers totaled just under 23 billion Deutsche marks, or about \$14 billion.

Companies had to be subsidized to recoup the high cost of shipping their goods through enemy territory to reach their markets and to compensate them and their employees for having to live at Ground Zero. Now that the Cold War has ended, the subsidies are vanishing. Mr. Rödiger said De-TeWe got 50 million marks a year not long ago. The figure fell to 10 million marks in 1992 and nothing

To reclaim its position as a business hub, Berlin will have to recover from the loss of tens of thousands of manufacturing jobs that have left the city in the last few

"In the eastern part of Berlin, we have had an enormous decline in employment, due to the diministration of the control of the diministration of the control in employment, due to the diminished role of industry there," said Jörg Schlegel, deputy director general of the Berlin Chamber of Commerce and Industry. "In the beginning of the change, we had 190,000 employed in industry, now there are 50,000. We hope we can stabilize this figure at 40,000, then swing it up again."

Mr. Schlegel hopes the city will develop as a center for services, but he says it is vital to rebuild its industrial base, too, preferably with new, high-technology industries that are willing to pay more to operate in the city in order to take advantage of its research and educational infrastructure.

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# **Economy** Stumbles on 'R' Word

Continued from page 14

celed specific plans related to Eastern Germany in favor of Hungary.

Nevertheless, East Germans are understandably

eager to see their wages rise as fast or faster than local inflation, currently 9 percent a year in the five new states. Employers are using the sad state of the eastern region's economy to argue for a slower process, leaving many East Germans womied they are being relegated to second-class citizens and their region to a sort of German mezzogiorno that will forever lag the West.

The most ferocious labor battle is being fought in the East German metalworking and engineering sector, where unions rejoiced over a incrative three-year contract back in 1991 only to see employers cancel it this April when the economy turned sour. Whatever the compromise reached, experts said German labor relations may never be the same again. The contract cancellation was unprecedented in West Germany, and is seen as having set the stage for a more confrontational approach to labor relations in all of Germany.

Hamburg's HWWA economic research institute recently said the East German economy still shows no signs of a turnaround, with deindustrialization continuing in all areas of the economy that do not directly benefit from government-financed infrastructure projects. Eastern Germany's manufacturing industry contributes just 15 percent of the region's gross output, about half the corresponding West German ratio, the institute said.

Nevertheless, the transformation from a command to a social market economy in Eastern Germany is well under way. From the 13,000 enterprises inherited by the Trenhand privatization agency after German unification, some 11,000 have been sold.

And after two years of shrinkage, the East

German economy is expected to grow around 15 percent this year, buoyed by construction

14.7

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The restructuring in Eastern Germany, meanwhile, has not left Western Germany untouched. Despite his stated conviction that the structure of Western Germany's economy is basically sound, Mr. Rexrodt is drawing up a master plan to restore German competitiveness that includes corporate tax reform, new job creation, productivity increases, deregula-tion and privatization of the state-controlled railroad and telecommunications monopolies. In a recent blood-sweat-and-tears speech, Mr. Kohl called on Germans to wake up to new competitive challenges stoked by unifica-tion, European integration and the opening of Eastern Europe. "Economic and financial

BRANDON MITCHENER is the International Herold Tribune's correspondent in Frankfurt.

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measures alone are not enough to secure Germany's competitiveness," he said in a speech to parliament. "Movement in public budgets must be matched by movement in peoples"



# Dilemma Over Jobs and Immigrants

Continued from page 14

the decade, only about 37 percent will be

so young.

Apart from Sweden, Germany already leads the industrial world's march toward. ement, with about 15 percent of its population over 65. That proportion is projected to steadily increase, reaching 27 percent by the year 2030, far ahead of most of the pack. To add to the challenge, only about 3 percent of Germany's elderly do any paid work, compared to 10 percent in the United States and 26 percent in

Bernd Hof, an economist at the basiness-sponsored German Economics Insti-tute in Cologne, put it most bluntly in a recent magazine interview. "The Ger-mans," he said, "have decided to die out."

UITE a contrast to Adolf Hitler's strident demand for Le-bensraum, or living space. Indeed, the irony is that, just as containing Germany's thrust toward expansiveness was one of the deepest problems of the 20th century, so its population decline may come to be part of one of the central challenges of the 21st.

There are two obvious solutions, most economists argue, to the steady aging of the German work force; move new people to where the jobs are in Germany; move the jobs in Germany to where the people are in other countries.

In fact, both trends are under way. much to the dismay of many Germans. Nearly 100,000 workers from Eastern Europe are legally employed in Germany, labor officials say. They work primarily in the construction industry, for subcontrac-tors from such countries as Romania, Poland and Bulgaria. But there are at least as many illegal workers from Eastern Europe

in the underground economy, who have flocked to wealthy Germany for any jobs they can find. They paint houses, fix appli-ances, do gardening. All without benefit — or expense — of Germany's extensive social insurance selects not and at appear social insurance safety net and at wages well below those most Germans will readily accept.

In addition, about 3 million of the "guest workers" lured to Germany in the postwar boom years before 1973 remain. They are largely from Turkey, the Balkans,

and Italy.

Meanwhile, barely a day goes by without an announcement of more job cuts by yet another overbuilt German company. For example, Dainler-Benz, which last year wiped out 14,000 jobs in Germany, plans to cut another 15,000 in 1993. The German steel industry has aumonneed plans to elimi-nate at least 40,000 jobs in the next three years, although union officials say anywhere between 55,000 and 125,000 workers are at risk of losing their jobs.

While most of the layoffs are due to the immediate impact of the recession in Continental Europe, a large number of those high-paying industrial jobs will probably never return to Germany. At the same time, more and more German companies are becoming bolder in expanding operations to other countries, ranging anywhere from the nearby Czech Republic to the United States.

Germany is not alone, of course, in undergoing some of these wrenching economic and social shifts.

"Movements of workers will be driven by the growing gap between the world's supplies of labor and the demands for it," wrote William B. Johnston, author of Workforce 2000, a research project sponsored by the U.S. Department of Labor. "Nations that have slow-growing work forces but rapid growth in service-sector jobs (namely Japan, Germany and the United States) will become magnets for immigrants, even if their public policies seek to discourage them. Nations whose educational systems produce prospective workers faster than their economies can absorb them (Argentina, Poland, or the Philippines) will export people,"

TET, because of its unique history, this tension between the future economic pressure for immigrants and the underlying public uneasiness over foreigners is likely to be particularly acute in Germany.

"It's a serious political problem," con-cedes Wolfgang Scheremet, labor market economist at the DIW economic institute in Berlin. "But it is not an impossible one."

Mr. Scheremet finds grounds for optimism about Germany's prospects in precisely those population trends that tend to worry some other analysts. We're all worried about rising unemployment, but that should vanish later in the decade because of these demographic developments," he said. "At the same time, the last 10 years have seen deep reductions in both weekly and lifetime working time among Germans. There is room to reverse that trend, which will also come with the growing realization that we will need some immi-

"What we are experiencing today is pri-marily a problem of the business cycle, not a structural problem."

But not everyone is so reassured.

"There's clearly going to be a lot of turmoil," said Mr. Walter of Deutsche Bank Research. "I'm not sure Germans are ready to face the radically different future that awaits us."

TOM REDBURN is on the staff of the International Herald Tribune.

# **International Treasure Hunt** Germany and Russia Search for War Booty

Sophia Schliemann, wearing gold

By Michael Fart

ERLIN — The most fabulous treasure to be seen in Berlin before World War II was be seen in Herim before World War II was the dazzling, 8,000-piece hoard of King Priam of Troy, discovered by a German archaeologist in Anatolia in 1873. Lost since 1945, the Russians now admit that they took it as "war booty" and that it lies languishing out of view in a museum depot on the outskirts of Moscow.

Its existence acknowledged, King Priam's treasure is at the center of

complicated discussions between Germany and Russia on the return of works of art plundered by both sides during the war. Russian officials are naking it clear, however, that any handing back of the Trojan hoard is dependent on the Germans finding and returning the celebrated Bernstein Zimmer, or Amber Room, which Nazi troops dismantled and moved in 1941 from Catherine the Great's Summer Palace at Zarskoje Selo, outside St. Petersburg, to Königs-

berg Castle.

Valued today at more than 260 million Deutsche marks (\$160 million), the extraordinarily opulent room vanished in 1945. Originally, and ironically in view of its fate, the 14meter-long and almost 5meter-high (45-by-16-foot) wall of transducent amber carvings and mosa-

jewelry found at ancient Troy. ics, made up of 22 panels, was a gift from Frederick William I of Prussia to ic. Some of the art sezzed by the Nazis, for example, Peter the Great "Give us the Amber Room back and we will know

where to find Priam's treasure," declared the grand old lady of the Russian museum world, Irina Autonova, director of Moscow's Pushkin Museum.

UT the problem is that despite searching more than 200 places where it was thought the Amber Room might have been concealed for safety in the closing months of the war, the Germans are no nearer finding it. Most recently, a network of cellars used by Hitler's elite SS under the city of Weimar, which was sealed off after the war, was reopened in the so-far fruitless

Klans Goldmann, chief custodian at the Berlin Museum for Pre- and Early History, once the proud possessor of King Priam's Treasure, believes that the hunt must be intensified in Germany and that memories may be jogged if rewards are offered. Private firms taking advantage of the latest technology could be tempted to hunt for lost treasure, he

argues. In 1873, Heinrich Schliemann discovered the

stunning treasure of King Priam while excavating ancient Troy in what is today Turkey.

Schliemann had the 3,500-year-old treasure shipped to Berlin, where it was "to be kept safely together in perpetuity." But in May 1945, Soviet troops came across it stored in packing cases along with other works of art in a heavily fortified anti-aircraft tower by the Berlin Zoo. They dispatched it to Russia, where amid great secrecy it has remained

Other works of art that have been missing from

German museums, libraries and archives since 1945 include the so-called "Eberswalde gold hoard," almost 500 pic-tures and 1,500 drawings from the Dresden art collections, including works by Cranach and Rubens, and at least five million books, medieval manuscripts and early printed

German officials estimate that the Russians purloined altogether some half a million works of art from castles, museums, galleries, libraries and archives in their zone of occupation. For its part, Russia lists some 200,000 works of art plundered by the Nazis following the 1941 invasion of the Soviet Union. Under a 1990 German-

Soviet friendship treaty, both sides have agreed to hand back artworks without demanding compensation, but the process is likely to prove problemat-

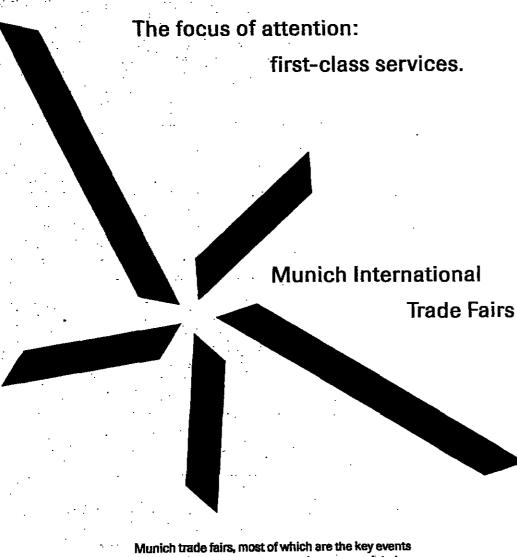
was subsequently destroyed in bombing raids and a large quantity later sold into private collections scat-tered around the world.

Russian archivists now admit that stolen German works of art mostly found their way to state collections or secret depots in the former Soviet republics. In some cases, poorly stored, their condition is known to have been allowed to deteriorate drasti-

cally.

Thousands of looted Old Master paintings and drawings, as well as pieces of Renaissance sculpture, are known to be stored by the Pushkin Museum in a tower of the monastery at Zagorsk, 72 kilometers (45 miles) north of the Russian capital, while a sanatorium in Uzkoye, on the outskirts of Moscow, accommodates on behalf of the Soviet Academy paintings taken from Frederick the Great's Sans-

souci summer palace at Potsdam. Earlier this year in the latest step, Interior Minister Rudolf Seiters of Germany and the Russian culture minister, Yevgeny Sidorov, agreed to try and return at least some of the plundered treasures and signed an accord setting up a joint commission to work out

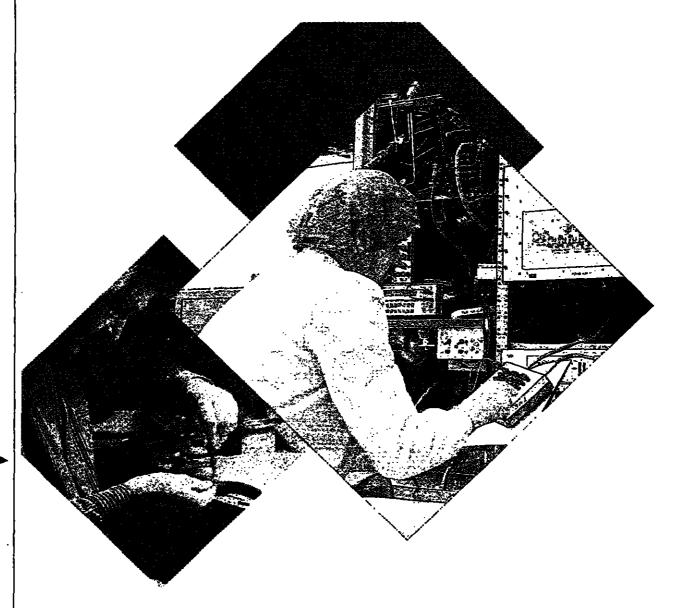


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# SPORTS SEE HO

# **Red Wings Defeat Maple Leafs Easily** In NHL's Playoffs

The Associated Press There were no surprises on the second day of the National Hockey League's playoffs.

The Detroit Red Wings, one of the favorites to reach the Stanley Cup finals, had an easy time with Toronto and the Vancouver Canucks, winners of six of seven regu-

### STANLEY CUP

lar-season games against Winnipeg, continued their dominance.

Red Wings 6, Maple Leafs 3: In Detroit, the Red Wings scored on four of their first five shots in the second period, two goals coming on power plays, to jump out to a 5-1 lead in a Norris Division semifinal.

'We expected a physical game," said Detroit's Steve Yzerman, who had a goal and an assist. "But the score dictates what Toronto can try to do. After we got those quick goals in the second period, they couldn't play us that tight any more. It wasn't that physical after that."

"I think we were having a lot of trouble adapting to their speed," Toronto defenseman Jamie Macoun said. "We were letting them break

out much too easily, and we've got to work on that for Game 2."

The Red Wings, who are seeking their first championship since 1955. received goals from defensemen Steve Chiasson, Mark Howe and Yves Racine.

Paul Coffey helped set up the two power-play goals in the second period, giving him 93 career assists and sole possession of 10th place on the NHL's record list. Coffey, the highest scoring defenseman in league history, moved one assist past former Detroit great Gordie Howe.

Canucks 4, Jets 2: In Vancouver, Trevor Linden snapped in a re-bound at 12:16 of the third period to put the Canucks ahead and Cliff Ronning added an insurance goal with 1:29 left. Vancouver's checking line of Anatoli Semenov, Garry Valk and Tim Hunter held rookie star Teemu Selanne to just one shot on goal in the Campbell Confer-

"Winnipeg played a cagey game, waiting for breaks and got a couple fluky goals, but we bounced back. took advantage of our chances, said Canucks' assistant coach Ron Wilson. "We were a lot more disciplined than a year ago when we lost



Winnipeg's rookie star, Teemu Selanne, being driven off the puck by defenseman Gerald Diduck, got just one shot on goal as Vancouver won the first game of their Campbell Conference semifinal, 4-2.

# Canadians, Czechs Win in World Championships

Compiled by Our Staff From Dispatches

MUNICH - Geoff Sanderson scored twice, getting the go-ahead goal on the first penalty shot of his career, to lead Team Canada to a 4-I victory Tuesday over defending champion Sweden in the Ice Hockey World Championships. The victory was the second in as many games for Canada.

By converting the penalty at 5:54 of the third period, Sanderson, a center for the Hartford Whalers of the NHL, broke a 1-1 tie.

Mike Gartner added his second goal of the tournament for Canada, and Rod Brind Amour completed victory one second before the end of the game as the Canadians

Canada was awarded the penalty after a Swedish defender covered the puck in front of his goal.

Goaltender Bill Ranford of the Edmonton Oilers had another exceptional game, making 36 saves, after posting Monday's shutout.

After Sanderson converted the penalty shot, Canada took full control. Gartner, the New York Rangers' right wing, made it 3-1 on a fast break at 10:44 of the third, and Brind Amour, who plays for the Philadelphia Flyers, scored with just one second left.

Czech Republic 5, Germany 0: In Dortmund, the partisan crowd threw cans, coins and other objects onto the ice as the Czechs went atop Pool B.

Loraas, had to interrupt the match several times in the third period to pick up the debris.

The announcer pleaded for sportsmanlike behaviour and called on the fans to live up to their generally good reputation, reminding them that objects on the ice constitute a serious danger to the

> The trouble broke out after Radek Toupal put the Czechs ahead, 4-0, in the 49th minute following second period goals by Kamil Kastak, Jiri Dolezal and Petr Hrebek.

Two minutes earlier, German defender Greg Thomson had been ejected for the rest of the match for

The referee Canadian Darren violently cross-checking a Czech player, a penalty that annoyed the partisan crowd. (AP, Reuers)

■ In late Monday matches: Russia 4 Austria 2: Vyacheslav Bykov's two goals and Andrei Khomutov's goal and two assists helped Russia avoided another embarrassment in a Pool A match marked by several fights. Russia, playing without its NHL stars, was held to a 2-2 draw by Italy on Sunday.

Finland 2, France 0: Finland, which survived a five-minute pen-alty for Erik Hamalainen in the first period, went ahead at 9:31 of the third period on a power-play goal by Jarkko Varvio. Juha Riihi-jarvi added the insurance at 18:01

that we are exploring all - and I underline all — of our alternatives," the 49ers' president, Carmen Policy, said after spending several hours reluctantly trying to trade the 36-yearold quarterback to the Chiefs. "Because of the very special rela-

Spurned 49ers

Halt Talks

On Montana

New York Times Service

SANTA CLARA, California -

The San Francisco 49ers, having again been told by Joe Montana that he wants to play for the Kan-

sas City Chiefs, broke off negotia-

tions on a trade for him after the

two sides haggled over a second-

"We are in a delicate situation in

round draft choice.

tionship with Joe, we will continue to attempt to take his wishes into consideration," Policy said at a grade training session last week. live back to Kansas City. "But from this point in time, the underlying purpose of what we do will be in the best interest of the 49ers." The announcement threw a

wrench into Montana's hopes for a swift trade to the Chiefs, with whom he agreed Friday to a threeyear, \$10 million contract, It also left open the possibility that the 49ers would either trade him to the Phoenix Cardinals or force the threetime most valuable player in the Super Bowl to stay in San Francisco.

But the indications were that Montana would rather sit out the season than play for the Cardinals or 49ers.

# Just a Sporting Chance

LASGOW — If only sport were above suspicion, if only we could guarantee that all men played each game to the limits of their skill and spirit, Wednesday night's match would surely become a cornerstone of European soccer.

It is effectively the final leg of the Champions' League semifinals. One finalist, AC Milan, is already decided. The other could be Glasgow Rangers, or it could be Olympique Marseille.

could be Olympique Marseille.

The Rangers have, on paper, the easier task. Not-withstanding a Scottish predeliction to climb mountains and fall over foothills, the Glasgow team playing in front of 44,000

of its impassioned supporters should CSKA Hughes

But no matter how hard Rangers run, nor how many times they core, their destiny is in the hands of others. For if Marseille also wins, by any score, in Bruges then the French champion will qualify for the final.

Marseille stands even on points with Rangers but pecause they drew, 2-2, in Glasgow compared to 1-1 in France, the rules give Marseille a priceless advantage.
However, what sports administrators give with one hand, the nature of sport takes back with the other.
Marseille has to achieve at least the same result — a rictory, a draw, even a loss — as Rangers, but in a less

Not only does Brugge FC dislike the French, its players positively dispize Raymond Goethals. He is the 71-year-old coach to Marseille who, in former times, trained the Belgian national team and according to partisans discriminated against players from

Bruges.

More than that, Goethals was drummed out of Belgian soccer, banned sine die, 10 years ago after being in charge during the match fixing and tax dodging scandal at his club Standard Liege. To many Belgians he represents a Marseille whose president, Bernard Tapie, went out of his way to belittle Brugge after a 3-0 victory for Olympique last autumn.
Tapie's words, an unprintable reference to anato-

my, stuck in the craw of Belgians. Presumably the arrogant president never dreamed those "little Belgians" would hold his team's fate at their feet. Well now they do, or some do. The worst news Tuesday for the Scots was that two of Brugge's most

experienced campaigners had limped off the training field near Flanders. The skipper, Franky Van Der Elst, tweaked a thigh muscle, and his fellow national team player, Lorenzo Staelens, hurt an ankle. The news aroused those old suspicions around Glas-

gow. Brugge's manager, Hugo Broos, scarcely helped when he commented: "There is no way they will be given painkillers, we have a much more important match on Saturday against Waregem."

Uh, oh! So the Belgians are only half committed to

their European duty?
Broos read between the lines. "Whatever happens," he added smartly, "we are not going to gift the match to Marseille. The criticism from over there was diabolical and we want to set the record straight."

T ALKING OF RECORDS, it was Milan who last beat Brugge on its own patch. And though Milan has the luxury of a month's planning before the final, its own unbeaten (some thought unbeatable) run has

long gone.
Indeed, so vuinerable did Milan look in conceding a 3-1 victory at home to Juventus last Saturday that many think it can now be taken in a single game on May 26. Its Dutch goalscorer Marco Van Basten is not certain to be back after ankle surgery, and the French deputy Jean Pierre Papin tore a muscle during a low

Thus the prize, about \$105,000, of the Eu Cup suddenly glitters. Silvio Berlusconi, the Milan president, contradicts some of his own players by. suggesting that his club fears Marseille more than

To be sure, the Milanese appreciate that there is greater technical ability in Marseille. But for all the shooting power of midfielder Franck Sauzee, for all the quixotic bursts of Abedi Pelé and the guile of Rudi

Völler, Olympique has a brittle self confidence and an unreliable will. Certainly each time it played Rangers, flair put the French ahead but Scottish spirit evened the score. When you are led by a warrior like Richard Gough, a man born in South Africa and raised in Sweden, no

cause is lightly conceded. And when you have a poacher like Ally McCoist, the first European to score 50 goals this season, hope

springs eternal. But is it niave to believe that players hold all the

strokes teams pull off the pitch are exphemistically called gamesmanship; in my language they are plain

When Rangers entered Marseille's Stade Velo-drome two weeks ago sportsmanship went out of the window. As soon as Marseille took the lead through a spectacular right-foot goal from Sauzee, the ball boys

The idea was to waste time, to cut down the oppor unity for Rangers to get back into the contest. Gough spotted the ruse, informed the Dutch referee, and was promised time would be added on to compensate for

the skullduggery.

By the end, with the Scots having tied via an equally deserving right-foot volley from Ian Durrant, Gough was actually pleading with the ref to call time!

There was, however, more goings on in Marseille. At

halftime. Tapie was seen rapping on the referee's door and when, for reasons which have no place in sport, he barged his way in the Rangers' coach, Walter Smith, stipped in beside him to ensure nothing untoward was said or done.

It goes on and on, this aroma of suspicion, this game within a game which half-aware administrators would do something about. Of course, Scots are the last

people to be cowed by the dastardly French.

Before Smith raised the team's profile, some of us remember Rangers in Europe for the less than sporting management of Graeme Souness. His Rangers team never reachd such a threshold as the present one, but he made a mark for himself as the chear who allowed Dynamo Kiev to train on the Ibrox pitch and then, in the dead of night, had the field's width reduced by about nine meters to squeeze the space for

the Ukraine's speedy wingers.
"No big deal," Somess responded. Maybe not. But there is usually a day of reckoning, and I only hope no greater corruption is perpetrated in Brugge that would eliminate Rangers from the chance won on merit.

Reb Flagher is on the staff of The Times.

### **Dortmund Outduels Auxerre in UEFA**

AUXERRE, France — Borussia Dortmund reached the final of the UEFA cup in an exciting climax, seeing off French side Auxerre here on Tuesday after a penalty shoot-out.

The Germans, leading 2-0 after the first home leg, were under tremendous pressure but managed to hold out 30 minutes of extra time after the home side had levelled the tic. Both sides then put away their first five penalties

without either goalkeeper putting a hand to the ball. Then, with Auxerre 6-5 behind, defender Stephane Mahe stepped up and saw his shot saved by Dort-mind's Stefan Klos.

Nobody could console Mahe, who turned his back on his teammates and walked off as the Germans Dortmund now take on either the French side Paris

MARD

Saint Germain or Juventus, who play their second leg on Thursday. Juventus won the first leg in Italy 2-1.

Auxerre had made a dream start on the night, breaking the deadlock in only the eighth minute when Coventin Martins took a through ball on his chest. squeezed out of a pincer tackle and slotted the ball

They leveled the match through Dutch defender Patrick Verlaat, who outjumped everybody to head home following a free kick with only 18 minutes of the

The French side looked certain to qualify moments later, when two of their front players broke through with only Klos to beat.

But Christophe Cocard and Pascal Vahirna hesitated, allowing a Dortmund defender to get back and scoop the ball off the line.

■ Maradona and 4 Others Suspended Diego Maradona and four other members of the

Sevilla soccer club have been suspended for failing to attend a hearing on the team's role in a brawl last month, The Associated Press reported from Madrid.
Also suspended were the coach, Carlos Bilardo; forward Diego Simeone; an assistant coach, Miguel Angel Lemme, and the club's president, Luis Cuervas. The Spanish Soccer Federation wants to ask the

group about Sevilla's role in a series of fights that broke out in a match March 21 at Cadiz after Maradona protested a referee's decision.

### **Bosox Singularly Good Against Chisox** the Red Sox got all their runs on a homer and Tino Martinez a solo ly pressed owner, Eli S. Jacobs,

the fielding flawless and the hits coming in bunches.

It's only two weeks into the 1993 ason, but the Boston Red Sox barely resemble the bumbling team

### AL ROUNDUP

that finished in last place in the American League East in 1992.

John Dopson pitched a threehitter for his first major league shutout Monday as Boston improved to 10-3, its best start since 1952, with a 6-0 victory over the

Chicago White Sox. After being held to two hits by Alex Fernandez for five innings,

DENNIS THE MENACE

walk to Jeff Richardson a consecutive hits - by Billy Hatcher, Mike Greenwell, Andre Dawson, Mo Vaughn, Carlos Quintana,

in three straight losses after winning the opener of the four-game series Friday. Mariners 10, Tigers 6: Ken Griffey hit two of Seattle's four homers

Griffey also scored four runs for the visiting Mariners, who had been outscored by 33-10 - including a 20-3 rout Saturday - in the

**PEANUTS** 

runs for the Mariners, who hit four homers for the second straight day. Blue Jays 7, Indians 1: Home runs by Turner Ward, Roberto Scott Cooper and Tony Pena. Alomar and John Olerud gave To-The White Sox got just one run

pitch seven strong innings.
Guzman, who entered the game
with a 12.46 ERA, struck out seven to help end Detroit's five-game

winning streak. first three games of the series. Pete O'Brien added a three-run

ronto a solit of the four-game series in Cleveland as Juan Guzman rebounded from two poor starts to

and held the Indians to four hits. although walking six. One hit was an RBI double that ran Albert Belle's major-league-best hitting streak to a career-high 12 games.

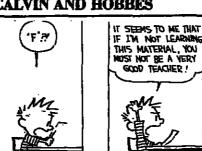
■ Orioles' Sale May Be Near The Baltimore Orioles' financial-

his lawyer said Jacobs hopes to make an announcement within two weeks on selling the team, The Washington Post reported. The lawyer, Stephen Shimshak,

said that negotiations on the sale are proceeding between Jacobs and a group of investors led by a Cincinnati businessman, William O. DeWitt Jr. Shimshak declined to provide additional details but said that "negotiations for the sale of "moving favorably."

Monday's filing means bankruptcy Judge Cornelius Blackshear will have a say on any agreement to











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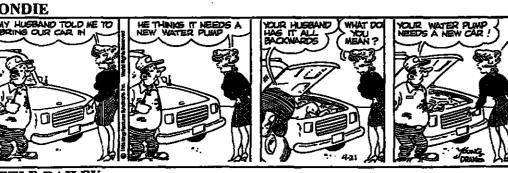


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# SPORTS SAILING

# From Germany

By Ian Thomsen

tional Perald Tribune MONTE CARLO - Applause greeted the newest German champion as he entered Tuesday morning German champion as he entered Tuesday morning through a space in the chain-link fence. His title was just two days old, so pethaps Marc Göllner still wondered what it meant? To be a champion? A dozen people, perhaps 20, were applanding him. Their reward sounded no londer than pebbles raining on the roof of a car. Walking onto the court he looked up at

He was playing a doubles match inside a large cage containing two courts. He could play only doubles this week, and his match was on the court farthest from the people. The clay surface, freshly swept, looked as moody as old Florence stucco, and it appeared to divide, from its hillside perch, the Mediterranean and

Any player will deplore such beautiful isolation. From across the hills the announcements and roses of the main stadium became mixed like a distant voice Gollner couldn't quite place. In that stadium, the greatest German champion, Boris Becker, 25, was again failing to win his first championship on clay. He was beaten, 7-6 (7-3), 6-3, by Marc Rosset of Switzerland, who suggested that Becker might win if he played his normal attacking game.

1.11

"It is an old question all the time that people tell me I have to play my normal game," Becker said. "They just forget one thing. It is clay; it is not Supreme. You cannot serve and volley on the first and second serve. You cannot block the shots and come in. You have to work out the point. That was all the time not so easy for me." It is the one thing Göllner, 22, has accomplished. Having won three preliminary matches just to qualify

last week in Nice, and having never advanced past any quarterfinal, he overwhelmed first Stefan Edberg, then Ivan Lendi on the weekend to win the \$300,000 Phillips Open championship. But while he was winning there, he didn't have time to qualify here.

His ranking did leap from No. 95 to 54th in the world. But what did it mean? At this \$1.65 million event it meant he was a qualifier who had failed, for

whatever reason, to qualify. Monte Carlo had no wild-card invitations available for the overnight sensation. Göllner did not seem to mind, as he sat on a couch among three reporters. He said he was still a little tired. His coach, the former touring pro Andreas

Maurer of Germany, was standing over everyone. "The only thing different for me is the press," Göllner said. "Now everyone wants a little bit from me. That's O.K. I enjoy the interviews. As long as they're not really personal questions, questions over

Private life? He had not yet established his life publicly. But he could see the momentum building, of these players, they read your story. He has the

BASKETBALL

Pacific Division

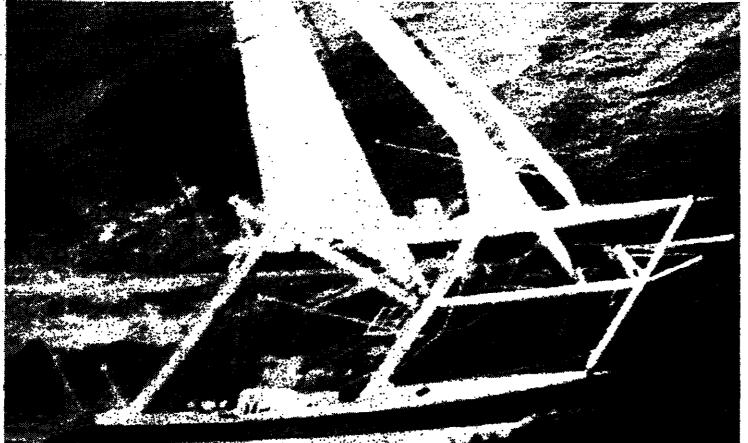
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# Göllner, Becker: Divided Champs Eat Your Heart Out, Fogg: For Peyron, 79 Days Catamaran Smashes Rec



The Commodore Explorer as it sailed toward the finish line off Brittany, well on its way to circumnavigating the globe in fewer than 80 days.

Perhaps others couldn't, but he could. He is planning to win more tournaments. He can see the day when he

All that is known about him at this point is that his father is a German diplomat. Göllner was born in Brazil 22 years ago. He moved to Tel Aviv, to Sydney, and back to Rio de Janeiro. He was 12 then, and growing too tall for soccer. He began meeting friends at the local tennis club. He was almost 16 when his father was moved to Bonn. There Göllner became involved with the German tennis federation and his coach, Maurer. When his father accepted a post in Yemen three years ago, Göllner stayed in Germany.

He says Manrer has taught him to play various styles. "You're asking him tactics," Maurer said, interrupting the interview. "He can't explain to you because all complete game, because you have to have that today. Just say that he hits the ball hard."

It is the symptom of Becker's career, the world looking over his shoulder, that Göllner hopes to recreate. In near privacy he and partner Olivier Delaitre of France destroyed a South African pair, Stefan Kruger and Piet Norval, 6-2, 6-4.

"Hopes? For him I hope nothing." Maurer was almost shouting this. "Just practice and hit the ball hard. If you would have told me 10 days ago he might be near the top 50, I would have said you were crazy. But we wait. We play point by point, and we see how it

As for Becker, he dreams of winning the French Open on clay. By playing well here he might have buoyed his confidence up north. But a succession of viruses has ruined his year. He is a champion, sure

enough, but the French Open is the last of the Grand Slams to clude him - and not just him, but Stefan Edberg. But for Edberg, it somehow is not as large an

omission. He is not questioned as often about those things he hasn't accomplished.

"I envy him," Becker said of Edberg, "that he is going to be a father soon. But apart from that, I am quite happy with my character, with my personality. It is true with me it is always a big deal, and every year it appears that he is a long of the personal true. seems like the same question is coming: Why don't you play your game on clay? And I always repeat: It is not the same thing.

"You know," he said, for it is another thing entirely to be a champion in full public view, "that is a part of Boris Becker. Stefan Edberg has a completely different

## Catamaran Smashes Records In Circumnavigation Race

Compiled by Our Staff From Dispatches magic adventure, aiready full of RENNES, France - French rachtsman Bruno Peyron and his

nearly 18 hours to spare.
Peyron sailed his high-tech catanel at 1918 GMT, having achieved over water in 79 days what Jules dropped out early in the race.

The finish was defined by a line between Lizard Point on the southwest coast of England and the French island of Ouessant.

Peyron also shattered the previous round-the-world sailing record of 109 days, held by another Frenchman, Titouan Lamazou, after undergoing \$600,000 in modiwho was one of the organizers of lications.

change to daylight savings time, the francs (\$450,000) borrowed to fi-boat needed to cross the finish line nance the venture. by 3:02 P.M. Wednesday.

Frenchmen - Jacques Vincent, Olivier Despainge, and Jack Vincent -- and an American, Cameron Lewis, 33, who was a member of America's Cup in 1987.

Vincent and Despainge were thrown from the boat as it sailed through rough seas Saturday night, though they were attached to harnesses. Vincent suffered a slight head injury.

"Everything is going very well on board," Peyron had earlier told Le Parisien newspaper. "We are all very calm and relaxed, we're going at a great speed and the boat is

We have had an extraordinary,

During a voyage that featured four-man crew smashed all records raging storms and a collision with Tuesday as they finished their 80- whales, the 85-foot (26-meter) day round-the-world voyage with Commodore Explorer averaged more than 14 knots. It had traveled more than 27,000 miles (43,500 kimaran Commodore Explorer over lometers), covering a near-record the finish line in the English Chan-507 miles in a 24-hour dream run on Sunday. Two other boats

Fogg. managed over land and sea last July for a solo sail across the in 80.

The Commodore Explorer was built in 1987 under the name Jet Services V, and in 1990 set the record for a trans-Atlantic sail of 6 days, 13 hours, 13 minutes.

It was rechristened in January

this event.

The Commodore Explorer departed Brittany on Jan. 31 at 2:02

P.M. Taking into account France's off personal debts of 2.5 million

Initial plans, drafted in 1990, "It's like coming down in a called for the first race for the Jules spaceship," Peyron told France Infos radio at midday Tuesday. ing sculpted by an American artist, "We've got to re-link with reality." Tom Shannon — to begin in 1994. His crew consisted of three But Frenchman Olivier de Kersauson decided to set off a year early, forcing Peyron and another boat to

speed up their own preparations. Kersauson's boat, the Charal, set Dennis Conner's crew that won the off from Brittany on Jan. 25, but abandoned its attempt 23 days later after a collision with an ice blerg. The Enza New Zealand, skippered by Robin Knox-Johnston of England and New Zealander Peter

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candez (8) and Korkovice; Depart and Pend. W.—Dopson, 1-1. L.—Fernancez, 2-1. Seaffile 202 811 804-30 19 9 Defroit 289 900 913-6 70 1 Housson, Swon (8), D.Henry (9) and Volle; Doherty, M.Atunoz (5), Gohr (6), T.Belton (7), Klely (8) and Kraufer, W.—Hortson, 2-0. L.—Doherty, 1-1. Sw.—D.Henry (1). HRs.—Seotile, Griffiey Jr. 2 (4), T.Marifinez (3), O'Brien (2). Debroit, Deer (3).

Defroit, Decr (3).
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W—Guzman, 1-1. (... Stelectil, 1-2, HR9—Toronto, R.Alomor (1), T.Word (1), Olerud (2). Japanese Baseball

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### SIDELINES

Whitaker Agrees to Fight Chávez

SAN ANTONIO (AP) — The showdown between Julio César Chávez
of Mexico and Pernell Whitaker of the United States, a bout many in
boxing say will determine which can be called the world's best fighter, is
to be fought Sent 10 in San Antonio Texas according to the recurrence. to be fought Sept. 10 in San Antonio, Texas, according to the promoter Don King.

King said Monday that Whitaker had agreed to defend his WBC welterweight title against Chavez, the WBC super-lightweight champion who is 86-0 with 74 knockouts. Whitaker is 32-1 with 15 knockouts. Both are five-time world champions in three weight classes.

Rubén Dario Palacio tested HIV positive Monday in Bogota, Colombian 
bia, confirming the blood test in London that cost him the WBO featherweight title last week. For the Record

Dave Maggard, 53, a shot-putter at the 1968 Olympics in Mexico City, has quit as the University of Miami's athletic director to become director of sports for the 1996 Atlanta Olympics.

# TRANSACTIONS

BASEBALL
National League
ATLANTA—Put Brien Hunter, first basemon, on 15-day deathed list, Recalled Ryen
Klestos, first basemon, from Richmond, IL
FLORIDA—Put Bret Barberie, infletder, en
15-day disobled list.
HOUSTON—Extended contract of DougJones, pitcher, through 1994 season.
LOS ANGRIES—Claimed Stave Parris,
pitcher, off walvers from Phillodelphia and
cessened him to Sen Antonio, Texas League,
PHILADELPHIA—Refeased Bruce Dostol,
outfielder, from Scronon-Willes-Borne, Activoted Cary Williams, outfielder, from disoblied list.
BASKETBALL

abled list.

BASKETBALL

National Busketball Association

NEW JERSEY—Signed Down Hoppen, contest, to second 18-day contract.

ORLANDO—Signed Howard Wright, forward, to second 18-day contract.

pertit to second to-day contract.

FOOTBALL

Nettoend Footbell Leasure

DENVER—Signed Korl Macidenburg, line-backer, to 1-veer controct.

GREEN BAY—Signed Mile Prior, free solety.

NEW ORLEANS—Agreed to 3-year contracts with Richard Cooper, offensive teckle, and Brad Mayler, running back.

SAN DIESO—Matched offer sheet tendered by Totepa Bay to Dorren Carrientos, sofety.

SEATTLE—Agreed to 2-year contract with Ray Donoidson, center.

HOCKEY

Noticed Nactury Leasure

FLORIDA—Named Bill Torrey President.

N.Y. RANGERS—Returned Corey Hirsch, goodle, to Binghamton, AHL, Sent Alexer Kovoley, right wins, and Johr Messier, defenseman, to Binghamton.

SAN JOSE—Fired George Kingston, coach.

COLLEGE

NCAA—Appointed Gary Solko to speciel committee to review student-oritiste welfore.

Robinson 4-19 7-10 15. Ellis 6-19 2-2 Tr. Porton 7-13 1-2 15. Pierce 8-13 II-12-27. Rebeams—Son Antonio 46 (Robinson II). Scattle 42 (Cose 9). Assists—Son Antonio 20 (A. Johnson 7). Seothe 13 (Porton 4).

Housdon 13 24 31 22—III
Phosekt 32 35. Smith 7-10 2-2 18;
K. Johnson 6-16 6-9 18, Krisht 6-8 4-4 16. Rebeams—Houston 18 (Otto) (Otto) (II). Phosekt 7/Musich 8). Assists—Houston 12 (Smith 12), Phosekt 24 (K. Johnson 7).

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access and equity; McKinley Basion and Andrea Seper to committee on attrictic certification; and Larrye Easiey to men's and womep's termis committee. ARKANSAS ST.—Charles Thornton, athlei ic director, resigned.

AUSURN—Signed Joe Clampi, women basketboll cooch, to 5-year contract.

HOCKEY Stanley Cup Playoff

Desirer Leads series, 1-8

Culten (1), Gitmour (1), Letebvre (1); Yzer man (1), Sheepord (1), Burr (1), Chlosson (1) Howe (1), Racine (1), Shats on gost—Toront (an Chresique) 5-9-22. Defroit (an Polvin 13-8-12-33. 13-12-33.
Wissipes 1 01-2
Vencouver 2 02-4
Vencouver leads series 1-8
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Appears on Page 7

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### **OBSERVER**

# When 'Boys' Are Louts

By Russell Baker NEW YORK — Maybe it's time to rethink the American boys concept. What, for instance, do people really mean when they say, "Boys will be boys"?

A couple of exceedingly squalid stories in the recent sex news have evoked this old philosophical expression. "Boys will be boys." someone said when a group of New Jersey lads were tried recently for sexually abusing a young mentally retarded woman with broom handle and baseball bat.

Defenders of the "Spur Posse," a California association of male youth dedicated to sexually using. abusing and terrifying high school girls, speak the same wisdom: "Boys will be boys."

What ever happened to the Boy Scouts? What ever happened to boys helping old ladies to cross the

For that matter, what ever hap-pened to the boys in the back room? They may have been tough, dangerous and even criminal, but wouldn't they have joined a posse to catch the kind of boys who have been dominating our sex news lately?

What they might have done after catching them, I won't guess, but I doubt they would have said. Boys will be boys."

Athletes both professional and collegiate have done their share lately to ruin the image of boyhood. A frequent sex-news item has become a story of athletes holding group sexual exercises in which some dopey adolescent girl substitutes for a gymnasium mat.

Suggest that this is a rotten way for physically gifted males to carry on, and somebody will say, "Boys will be boys." What ever happened to athletes rescuing beautiful teenage girls from runaway horses?

Then there is Mike Tyson. No-body defended Tyson with the exculpatory "Boys will" etcetera, though he seemed, at a mental age of maybe 5, to be the ultimate in boyness Still, even 5-year-olds can be spared from the spoiling that corrupts so many physically gifted American boy kids.

For instance, what ever happened to Joe Louis saying hello to his mother when each fight was over? What ever happened to Mu-hammad Ali, who declined to join

Sports World's Vietnam War draft dodgers and, like a man, stood up at the induction center, said no and took the consequences?

There were men in those days. and some of them were even athletes. Of course there are still plenty of men left in the sports industry. The little-boy-man athlete exposing himself to the female reporter in the locker room is not acting for the whole profession, just for the worst of its spoiled brats.

"Boys will be boys" doesn't ex-plain behavior on this level. I'm not sure what does, but part of it is certainly the coarsening and trivial-ization of sex which we see everywhere now that all the old taboos have been removed.

Enlightenment was supposed to result from lifting these repres-sions, and maybe it has, but it looks surprisingly like a shameless wallow in moral corruption.

Not long ago, mindlessly flicking on a TV switch to forestall thought while brewing a cup of coffee, I was amazed to find myself looking at a talk-show host encouraging several people to dilate on the joys and techniques of oral sex.

Robert Redford is now starring in a movie about a billionaire who for \$1 million buys the services of another man's wife for a single night, Yes, Robert Redford, friend of the great American outdoors! What ever happened to the environment, Bob?

So I flick on the TV switch to prevent the onset of thought while brewing a cup of coffee, and what to my wondering eyes doth appear but Oprah with an auditorium full

of people confronting the moral dilemma of the day: Would you sell your "mate" for a night for \$1 million? As a "mate," would you agree to the sale?

Moral rot seems well nigh uni-versal in Oprah World. By the time fled with the coffee, opinion seemed unanimous that only a prig would balk at prostitution and pimping when the price is right. With the national moral code in this state, it's no wonder so many say. "Boys will be boys." What they mean, of course, is, "Louts will be

# Nancy Drew in '90s: A Feminist Update

By Patricia Leigh Brown
New York Times Service

OWA CITY, Iowa — For many young women, the age between braces and a retainer, before the freckles fade,

is a moment when life's possibilities are illuminated in the darkness by a flashlight on a printed page.

Nancy Drew, the teenage heroine of more than 100 books read by girls since 1930, has shaped the imagination

What matters in the books "is not her sex appeal but how tough and smart and adventurous she is," said Catharine R. Stimpson, a professor at Rutgers University who studies women, culture and society. "It means something that mothers and aunts give the books to their nieces and daughters. She's a legacy — a spiritual treasure passed on."

At a juncture in which questions about the erosion of

self-confidence in girls are the subject of national study and debate, about 450 scholars, collectors and fans including many mother-daughter duos -descended upon the University of Iowa for the first Nancy Drew Conference last weekend to look for clues in a hidden, cobwebby corner of the culture, in a largely unsung heroine of

They came to contemplate such subjects as "Nancy Drew in the 1990s: A Ferninist Update" and "The Crack in the Old Canon: The Nancy Drew Novels as Subversive Reading." And they came to pay homage to Mildred Augustine Wirt Benson, the original writer of the series, who, like the numerous other authors who contributed to the series, worked anonymously under the nom de plume

At times, the weekend resembled a rather academic support group. "While much attention is paid to the fantasies, experiences and popular culture of boys and men, little has been devoted to comparable elements in the lives of girls and women," said Carolyn Stewart Dyer, an associate professor and coordinator of the Nancy Drew Project. The idea of exploring Nancy Drew as a role model would have been unlikely five years ago, she added, saying that the conference represents a certain coming of age of popular culture in women's studies.

In the Nancy Drew books, girls find a roadster-driving heroine who uses her wit and ideas to survive an attack with a hairbrush, being wrapped in a sheet and drugged with a sleeping potion ("The Sign of the Twisted Candle"). She escapes unscathed after being locked at night in a slimy cistern ("The Password to Larkspur Lane"). Her motives are unceasingly altruistic. As Claire Victoria Folkins. a fifth grader from North Liberty, Iowa, who was a winner of a Nancy Drew writing contest for schoolchildren put it: "Only Nancy, a candy-striper at her local hospital, would take the time to welcome a patient suffering from amnesia into her own home."

She was adventuresome, independent and free-spirited," said Judith Weaver, 52, a foreign service officer who was weaned on Nancy Drew and flew in from Washington. "I like to think she promoted those same qualities in

In Hollywood and on television, not to mention literature, heroines of that ilk are rare. "Nancy didn't get knocked around for being smart," noted Professor Stimpson. "Today, I don't see girls being given that cultural image of possibility and spunk."

In 1930 — some 80 million copies ago — Benson, who was born in Ladora, about 40 miles west of here, wrote "The Secret of the Old Clock," the first Nancy Drew



Mildred Wirt Benson, author of the original Nancy Drew mysteries, giving an autograph.

mystery story. Last weekend, the University's School of Journalism and Mass Communication awarded the 87year-old author, who was the first woman to receive a master's degree from the school and is now a columnist for The Toledo Blade, entry into their Hall of Fame.

The 16-year-old character Benson created 63 years ago for The Stratemeyer Syndicate, the publisher that also churned out the Hardy Boys, the Bobbsey Twins and Tom Swift series, was a young woman with a spirit not unlike that of Benson herself. Among other things the author is an accomplished aviator who doesn't but an eyelash at doing loops. The books have been continually updated since 1959 when Harriet Stratemeyer Adams, a daughter of Edward Stratemeyer, the syndicate's founder, who until recently was widely given credit as the original Carolyn Keene, revised them to reflect more contemporary attitudes toward ethnic groups. She also changed Nancy's age to 18, so that the ome would legally be able to drive in every state. Critics of the revised books say that in the process, Adams also muzzled much of Nancy's original gumption.

There are now four different brands of Nancy Drew: hardback reproductions of the original first three volumes, published by Applewood Books of New Bedford, Massa usetts.; hardbacks containing Adams's revisions, published by Grosset & Dunlap; and two series from Simon & Schuster — the continuing Nancy Drew Mystery Stories and The Nancy Drew Files, for older readers 12 to 13

Millie purists tend to look askance upon the Files series, in which fleeting pecks bestowed on Nancy by her longtime steady, Ned Nickerson, give way to lingering embraces in a Jacuzzi.

Nancy's changes have not gone unnoticed among the Nancy Drew scholars. Ann E. Preston, an assistant professor at North Dakota State University, has gone so far as to do a statistical analysis of "correlation coeffecients" between the old and new books. Among her findings is an increase in "narcissism," including more references to hair, clothing and Bess's weight problem. Emphasis on romantic relationships with men increased from an average of .6 to 4.6 per book, she said.

Benson said she was paid about \$125 - "plus Christmas bonuses" - to write each Nancy Drew book. She signed a release, as did most serial writers, and has never received royalties. She typed the books on an old Underwood, which she recently sent to the Smithsonian.

"I liked the character from the very beginning," she said. Today that kind of woman is common, but then it was a new concept. Though not to me. Because I always thought that's how girls should be." Her newest fans agree. Danielle Stratton-Colter and her

friend Molly Stapleton, both 9, sat in the audience as Carolyn Heilbrun, the scholar, critic and mystery writer, gave her keynote address about Nancy as a "true feminist gave ner repnote address about Nancy as a "true temmist adventurer." The girls were wearing new Nancy Drew Tshirts and clutching copies of "The Secret of the Old Clock" with their pink-glossed nails.

Soon, the inexorable pull of the golden-bobbed girl detective was too great. "She gives you courage," Stratton-Colter said of Nancy Drew. They stopped listening and started reading the books on their laps.

### **PEOPLE**

Jacqueline Onassis Sets The Scene in Interview

It was her first interview in three decades but there were conditions: Jacqueline Kennedy Onassis spoke only about her career in publishing, she retained approval over how she was quoted, and tape recorders and cameras were barred. The former first lady, 63, granted the interview to Publishers Weekly and talked at tength about her 15 years as an editor at Doubleday. She said she came to publishing for "obvious reasons—I'd majored in literature. I had many friends in publishing 1 love books, I've known writers all my life." Among the best-sellers she has edited are Bill Moyers' "Healing and the Mind," and Michael Jackson's autobiography, "Moonwalk."

Woody Allen's psychotherapid for the last 20 years said in a letter to a city case worker that the film director's profile "is definitely not that of sexual offender," it was disclosed in court. Kathryn Prescott's estimation was reported during the testimony of Paul Williams, a case worker who claims he was blocked by city officials from investigating allegations that Allen abused his adopted daughter, Dylan, 7.

Prince Charles, keeping a promise, returned to the Shetland Islands to see how islanders were coping with the aftermath of an oil spill. Three months after he and his father, Prince Philip, watched the tanker Braer break apart in violent weather, fish farmers told the prince that the spill was still affecting their daily lives and business.

Representative Ferdinand E. (Bongbong) Marcos Jr., 35, the only son of the late Philippine president, and his Filipino fiancée, Louise Araneta, were married in Italy over the weekend. Bongbong's mother, Imelda Marcos, said she was not invited, but read about the marriage in the Manila newspapers. The former first lady is in Manila facing several civil and criminal lawsuits filed by the government of Corazon C. Aquino

INTERNATIONAL CLASSIFIED Appears on Pages 7 & 23

### WEATHER

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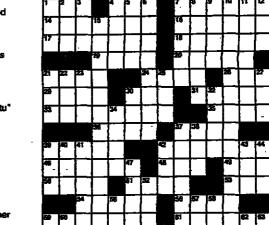
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### **BOOKS**

### RISKS WORTH TAKING: The Odyssey of a Foreign Correspondent

pages. \$47.50. University Press of America. Reviewed by Barry James

S a refugee from McCarthy-Aism, Bernard Redmont found that "being down and out in Paris was not all that terrifyingly Orwell-His career as a magazine corre-

spondent lay in ruins as a result of false suspicions he was a communist, and Redmont had to work "set a record in amassing the larg- ipso facto potential herencs and

est number of jobs in Paris, with the lowest aggregate income."

Supported by his understanding wife Joan, to whom he pays gallant By Bernard S. Redmont. 250 tribute, Redmont kept his sanity and his sense of humor. But afterwards, he could only wonder, why? Having patiently pried out his 2,200-page FBI dossier through the Freedom of Information Act, he found only a farrage of innuendo, gossip and speculation

Redmont, a decorated Marine in World War II, had been a political radical as a student during the Depression era. He says he was one of those who, feeling strongly about "New Deal social issues like civil rights, freedom of labor organizawherever and however he could to tion, social security, freedom of support his family. In doing so, he speech, black and white integrarecounts in this memoir how he tion, and women's equality, were

candidates for political burning at the stake."

Much later, he was able to see how his participation in such liberal and anti-war causes had built up suspicions about his political loyalty, although there was never a shred of evidence he had ever engaged in subversion. But after he was named by the notorious "blonde spy queen" Elizabeth Bentley as one of her contacts, Redmont found his reer as a correspondent for World Report magazine abuptly terminated by its right-wing pub-

lisher, David Lawrence. "Strange times, ugly times," says Redmont. "Most Americans born in the past half century have little knowledge of the hysteria, the totalitarian-like fear and psychological terrorism unleashed by the inquisitors of the time under the pretext of anti-communism.

In Paris, Redmont found work with the old Continental Daily Mail and a large variety of other iobs, while managing to store away years of vibrant and happy memories. "The French are not anti-American," he says. "They just do

Americans the honor of treating them as if they were French." Redmont worked in Paris for the French news agency Agence France-Presse, transferred to the Westinghouse Broadcasting Company, and then, 15 years later, moved to Moscow with the Colum-

bia Broadcasting System.
This book is called an Odyssey, and that entails a homecoming. After 35 years in international orbit, the Redmonts returned to the United States and judged to their sorrow that "Americans seemed to have developed a tolerance for carelessness, ineptitude, rudeness

Nevertheless, they found happiness in a Vermont farmhouse, and human values among their neigh bors. Redmont took a teaching job at Boston University, was pro ed to dean of the School of Public Communication, and eventually resigned over a zany government pro-posal to involve the school in the teaching of communications skills to Afghan guerrillas.
In a tough, often backbiting pro-

fession, Redmont comes across in his book as a genuinely nice person. His rule, he said, has always been that "the ethical values always take precedence over the non-ethical values such as success, comfort or

Talking of wealth, you'll need some to afford this book, which costs a princely dollar for every five

# The New York Times is based on reports from more to sores throughout the United Sta

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13 MARYLIN MONROE, by

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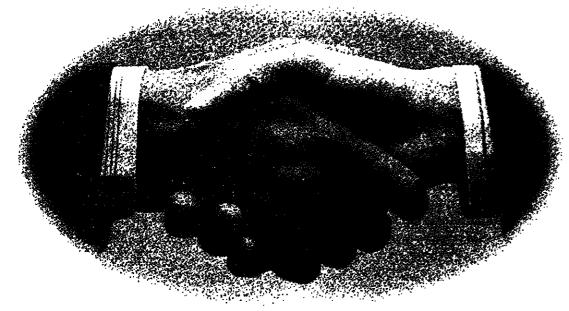
1 BEATING THE STREET, by Peter Lynch with John Roth-child child

2 HARVEY PENICK'S LITTLE RED BOOK, by Harvey
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3 MORE WEALTH WITHOUT RISK, by Charles J. Gi-

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